

ITEM 6

IPART DRAFT FINDINGS - REVIEW OF WEST DAPTO DEVELOPMENT CONTRIBUTIONS PLAN 2020

On 28 February 2020 the Independent Pricing and Regulatory Tribunal (IPART) published a draft assessment of Council's West Dapto Development Contributions Plan, 2020. The report is available online for public comment via IPART's website until 27 March 2020. Council and the community are invited to provide their feedback. Staff have considered the 24 recommendations made by IPART. The implications of IPART's draft findings are summarised in this report. Staff are also seeking Councillor support to make a formal submission.

## RECOMMENDATION

- 1 The IPART draft Report Assessment of draft West Dapto Development Contributions Plan, 2020 be noted.
- 2 Council support staff making a formal public submission in response to the IPART draft report consistent with the advice provided in this report.

## REPORT AUTHORISATIONS

Report of: Chris Stewart, Manager City Strategy

Authorised by: Linda Davis, Director Planning + Environment - Future City + Neighbourhoods

## ATTACHMENTS

- 1 IPART draft Report Assessment of draft West Dapto Development Contributions Plan, 2020
- 2 Council Staff Summary Response to IPART draft 24 Recommendations
- 3 Council Staff Initial Response to IPART October 2016 Recommendation 29

## BACKGROUND

This report relates to the broader review of the West Dapto Development Contributions Plan, 2017 (2017 Plan), as recommended by IPART in October 2016. On 24 June 2019, the Draft West Dapto Development Contributions Plan 2020 (Draft 2020 Plan) was endorsed by Council for exhibition and subsequent submission to IPART for review.

The Draft 2020 Plan was exhibited from 29 June to 2 August 2019 with late submissions accepted. A total of 33 submissions were received as a consequence of the exhibition process.

The majority of submissions were received from landowners in Stages 4 and 5 of the West Dapto release area. The concerns related to the proposed continued levying of one flat contribution rate across all stages, rather than separate contribution rates for each stage, or separate contribution rates for stages 1-3 & 4-5 referred to in Recommendation 29 of the 2016 IPART Report. Staff addressed this issue and others raised in a post exhibition report to Council on 2 September 2019.

At the September 2019 meeting, Council resolved that:

- 1 *The key issues raised in submissions be noted.*
- 2 *The Draft West Dapto Development Contributions Plan (2020) be submitted to IPART (as exhibited) along with full copies of all submissions received for independent review.*
- 3 *A report be presented back to Council with the IPART recommendations and NSW Minister for Planning's advice in relation to the finalisation of the 2020 Plan. The report will clearly outline how all public submissions have been considered and responded to during preparation of the final 2020 Plan.*

On 16 September 2019, staff requested IPART assessment of the Draft 2020 Plan.

On 4 October 2019, IPART commenced assessment of the Draft 2020 Plan following an adequacy review. During the assessment Council staff and IPART staff worked collaboratively to ensure any questions IPART had of Council were communicated and resolved efficiently.

On 28 February 2020, IPART published a draft assessment of Council's Draft 2020 Plan. A summary of IPART's draft report is provided as follows:

- IPART has made 24 draft recommendations.
- IPART recommend a net cost reduction from \$972 million to \$946 million (2.7% reduction of costs / income). IPART notes that reduction will notionally lower the contribution rate for a typical detached dwelling (4-bedroom house) from \$52,951 to \$50,953. It is important to note this figure does not factor in IPART's proposed separate apportionment approach between stages (see Recommendation 22 below).
- **Recommendation 5** - IPART recommends Council reduce the cost of cycleway network yet to be completed by \$27,255,864 based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance.
- **Recommendation 22** - IPART recommends creating two separate contribution catchments being Stages 1-4 and Stage 5 for apportionment of transport, stormwater and administration costs. IPART is accepting of Council's proposed approach of equal apportionment across the five stages for open space and community facilities. IPART has not costed the recommended apportionment approach and would like to work with Council to calculate the separate rates.
- **Recommendation 13** - IPART has recommended a change in the contribution rating approach for residential and non-residential (commercial / industrial) development that would result in an increase to the non-residential rates. IPART recommends that the Draft 2020 Plan apportion stormwater management costs between residential and non-residential based on the relative share (unadjusted) of net developable area (NDA).
- Of the 24 IPART recommendations, eight would result in an increase in the cost of certain infrastructure works and / or land while nine would result in a decrease in the cost of certain infrastructure works and / or land.
- IPART recommended contribution rate changes in summary are:

IPART rate recommendations	Council proposed rate	IPART recommended rate*	Change in dollars	% change
Commercial (per hectare)	\$367,320	\$368,570	\$1,250	0.3 ↑
Industrial (per hectare)	\$74,003	\$127,433	\$53,430	72.2 ↑
Residential dwelling/lot*	\$52,951	\$50,953	-\$1,998	3.8 ↓

\*IPART recommended rates sourced from section 1.3.3 IPART's draft report at Attachment 1

The IPART draft report is available for public comment until 27 March 2020. Link to IPART's draft report:

<https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/local-government-contribution-plans-review-of-plans-wollongong-city-council-west-dapto-2020/publications/draft-report-assessment-of-west-dapto-contributions-plan-2020-wollongong-city-council-28-february-2020.pdf>

## PROPOSAL

Staff have undertaken an initial review of IPART's draft report and 24 recommendations. Attachment 2 provides a summary of staff's initial review. Overall staff generally support 16 recommendations, disagree with two recommendations and will undertake further analysis of six remaining recommendations before forming a final opinion.

The two recommendations not supported by staff are:

### **Recommendation 5**

The reduced cycleway provision proposed by IPART would not allow Council to feasibly deliver this essential infrastructure item for the West Dapto community. Council considers a higher per linear metre unit rate is justified and staff will provide further evidence to support a higher rate based on recent Council projects. IPART has openly invited more evidence to support Council's position.

### **Recommendation 22**

IPART's latest recommendation varies from its October 2016 Recommendation 29. In the 2016 report, IPART recommended Council consider two options either remove stages 4 and 5 from the Contributions Plan or include separate contributions in the Plan for stages 1-3 and 4-5. IPART is now recommending that stage 5 alone be separated.

The 24 June 2019, Council report detailed how creation of separate contribution catchments was considered and not supported by staff and the reasons for the proposed flat rate position put forward in the Draft 2020 Plan. The detailed reasoning is again provided at Attachment 3 of this report.

The Draft 2020 Plan did not divide the release area into staged based contribution rates due to:

- the shared demand nexus nature of infrastructure
- whole release area planning benefits. All 5 stages will experience value uplift benefit from being part of a release area. One contribution rate for all 5 stages recognises this shared benefit and therefore socialises the contribution to essential infrastructure
- ensuring consistency throughout Contributions Plan reviews. Council has been collecting contributions based on one flat rate for the release area since 2010. Introducing a two-catchment approach at this late stage in development of the release area would create an inequitable approach compared to past contributions
- the limitations of the indicative rates provided by IPART in October 2016
- the views raised in the more recent IPART 2019 discussion paper *"Inclusion of roads in contributions plans"*. The paper refers to a stakeholder workshop where it was generally agreed that the benefits of apportioning road costs across a broad catchment outweigh the complexity of accurately apportioning the costs within smaller catchments.

It is noted that IPART has not costed the separate contributions catchment recommendation and would like to work with Council to calculate the separate rates. Indicative rates based on the IPART recommended two-catchment approach are provided below. It is also important to note that the calculation undertaken by staff only test Recommendation 22. A further detailed analysis will be undertaken by staff to understand the implications of all 24 recommendations.

In summary a two-catchment contribution approach would result in the following indicative rates:

	<b>Council Proposed Single Rate</b>	<b>IPART Recommended 2 separate Contribution Catchments (Council staff preliminary indicative rates estimate)</b>		
		Stage 1-4	Stage 5	Difference
Residential dwelling/lot*	\$52,951	\$58,000	\$33,000	\$25,000

Introduction of the two-catchment approach will result in one part of the release area paying higher contributions than the other and a higher contribution rate than that proposed by Council.

IPART Recommendation 13 relating to non-residential rates would result in substantial variation to the Industrial development contributions proposed by Council which would notionally be a 72.2% increase. Staff will review this recommendation in more detail.

Staff will continue to review six of the IPART recommendations as outlined in Attachment 2 which may identify other areas for objection and / or clarification.

### **Next steps in IPART assessment and finalisation of the Contributions Plan**

- Exhibition of IPART's draft report ends 27 March 2020. Staff intend to make a formal submission.
- IPART will consider all submissions, including Council's.
- IPART will prepare a final report and submit to the Local Government Delegated Committee. IPART is targeting May 2020 for a decision to be made on its final report at which time the Minister for Planning will be provided recommendations.
- The Minister for Planning will subsequently provide advice to Council
- Council will consider a final 2020 Plan for adoption consistent with Minister for Planning advice
- Staff are targeting completion of this process prior to the end of this financial year to ensure Council can continue to collect contributions above the State imposed \$30,000 per lot/dwelling cap.

## **CONSULTATION AND COMMUNICATION**

### **Internal**

The Land Use Planning and Urban Release teams jointly prepared the Draft 2020 Plan. As part of this process internal consultation was carried out with Infrastructure Strategy and Planning, Library & Community Services, Project Delivery, Finance and Recreation Services. The Draft 2020 Plan has been prepared in accordance with a Probit Plan designed to guide the review process and ensure it is undertaken without reference to Council's commercial interests or objectives as a landowner.

### **External**

IPART and the Department of Planning, Industry and Environment (DPIE) have been consulted throughout the process of preparing the Draft 2020 Plan and during IPART's assessment of the Plan.

The Draft 2020 Plan was exhibited between 29 June and 2 August 2019. 33 submissions were received. Late submissions were accepted until 16 August 2019. A number of community and industry group briefings were undertaken during the exhibition.

Council staff are notifying all submitters of the release of IPART's draft report.

Urban Release and Land Use Planning staff continue to be available to discuss specific comments / issues interested parties may have.

Council officers will continue to work with IPART throughout the assessment process.



## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 Goal “We have an innovative and sustainable economy”. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2018-2021	Operational Plan 2019-20
Strategy	3 Year Action	Operational Plan Actions
2.1.5 West Dapto urban growth is effectively managed to balance employment and population growth	2.1.5.1 Continued to implement the infrastructure Delivery Program to support the West Dapto Urban Release Area	Continue to implement the Infrastructure Delivery Program to support the West Dapto Urban Release Area

## SUSTAINABILITY IMPLICATIONS

The draft West Dapto Development Contributions Plan, 2020 would ensure continued and improved essential infrastructure service delivery is provided for the existing and growing population of West Dapto in the future.

The Draft 2020 Plan is implementing the West Dapto Vision 2018 and Structure Plan. The Vision looks to ensure the communities at West Dapto will be healthy, sustainable and resilient with active and passive open space accessible by walkways, cycleways and public transport. The scope of essential infrastructure proposed in the Draft 2020 Plan will help to deliver on this vision contributing to more sustainable urban outcomes at West Dapto.

## RISK MANAGEMENT

Council is committed to biennial review of the 2017 Plan consistent with IPART’s October 2016 Recommendation 40, which recommended that the Plan be reviewed at least every two years during the next 10 years.

On 1 July 2020, the State Government Local Infrastructure Growth Scheme (LIGS) funding will be removed and it is therefore imperative that Council has an adopted IPART reviewed Contributions Plan to ensure it can continue to levy more than the \$30,000 cap amount.

To ensure the 2020 Plan is adopted before 1 July 2020, finalisation of IPART’s assessment needs to occur as soon as possible to allow the Minister for Planning consideration of the final IPART recommendations and provide advice to Council.

Should the 2020 Plan not be adopted before 1 July 2020, Council will be limited to levy developments at \$30,000 per lot or dwelling. This would create a financial shortfall of approximately \$22,950.94 for each lot or additional dwelling levied until the 2020 Plan is adopted based on Council’s Draft 2020 Plan. The shortfall would be greater for stages 1-4 based on IPART’s proposed separate contribution catchment approach in draft Recommendation 22. The timing of essential infrastructure delivery would also likely be affected.

## FINANCIAL IMPLICATIONS

Development of the West Dapto Urban Release Area will result in significant demands for both state and local infrastructure. The Draft 2020 Plan provides an important mechanism to levy a development contribution toward the cost of providing local infrastructure.

The shortfall in funding of essential local infrastructure to support West Dapto was estimated by IPART in their 2016 report to be \$428 million. Finalising this Draft 2020 Plan will further address the risk by ensuring that the full cost of local infrastructure eligible to be funded under Section 7.11 can be funded through development contributions and/or LIGS funding after 1 July 2020.

## CONCLUSION

The West Dapto Development Contributions Plan is a key document for the Urban Release Area as it provides the mechanism to collect development contributions to fund essential local infrastructure required to support new development in the future communities.

On 28 February 2020, IPART published a draft assessment of the Draft 2020 Plan. Staff have considered the 24 recommendations made by IPART. The implications of IPART's draft findings are summarised in this report. It is recommended that Council support making a formal submission to IPART, in particular highlighting the implications of a two-catchment contribution rate approach.

Following the IPART review and advice from the Minister for Planning, the 2020 Plan will be reported back to Council for further consideration and possible adoption. The subsequent report will also clearly outline how all public submissions have been considered during preparation of the final 2020 Plan.



Independent Pricing and Regulatory Tribunal  
New South Wales

## Assessment of West Dapto Contributions Plan 2020

**Wollongong City Council**

Draft Report  
Local Government

February 2020

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## Local Government Committee Members

The Committee members for this review are:

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Ms Nicola Gibson

Ms Fiona Towers

Enquiries regarding this document should be directed to a staff member:

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## Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

**Submissions are due by 27 March 2020**

We would prefer to receive them electronically via our online submission form <[www.ipart.nsw.gov.au/Home/Consumer\\_Information/Lodge\\_a\\_submission](http://www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission)>.

You can also send comments by mail to:

**Local Government**

Independent Pricing and Regulatory Tribunal

PO Box K35

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Late submissions may not be accepted at the discretion of the Committee. Our normal practice is to make submissions publicly available on our website <[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)> as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may choose not to publish a submission - for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

## Contents

<b>Local Government Committee Members</b>	<b>2</b>
<b>Invitation for submissions</b>	<b>2</b>
<b>1 Executive summary</b>	<b>5</b>
1.1 The plan is mostly reasonable, but costs can be reduced	5
1.2 Overview of draft findings and recommendations	6
1.3 Impact of our draft recommendations	9
1.4 List of recommendations	13
1.5 Structure of this Draft Report	15
1.6 How you can have a say on this Draft Report?	16
<b>2 Context and approach for this assessment</b>	<b>17</b>
2.1 What are contributions plans?	17
2.2 Why has the council submitted its plan to IPART?	17
2.3 What is the aim of our assessment?	18
2.4 What approach did we use for this assessment?	19
2.5 What happens next?	21
<b>3 Overview of the West Dapto Contributions Plan</b>	<b>22</b>
3.1 Status of the West Dapto CP (2020)	22
3.2 Land and development in the West Dapto Urban Release Area	22
3.3 Cost of land and works	26
3.4 Contribution rates in the West Dapto CP (2020)	26
3.5 The council provided us with updated and additional information during our assessment	28
<b>4 Transport</b>	<b>30</b>
4.1 Overview of transport works in the West Dapto CP (2020)	31
4.2 Criterion 1: Essential works	34
4.3 Criterion 2: Nexus	34
4.4 Criterion 3: Reasonable cost	39
4.5 Criterion 5: Apportionment	45
<b>5 Stormwater management</b>	<b>48</b>
5.1 Overview of stormwater management works in the West Dapto CP (2020)	50
5.2 Criterion 1: Essential works	52
5.3 Criterion 2: Nexus	52
5.4 Criterion 3: Reasonable cost (works only)	54
5.5 Criterion 5: Apportionment	58
<b>6 Open space</b>	<b>61</b>
6.1 Overview of open space in the West Dapto CP 2020	62
6.2 Criterion 1: Essential works	65
6.3 Criterion 2: Nexus	67



6.4	Criterion 3: Reasonable cost	70
6.5	Criterion 5: Apportionment	73
<b>7</b>	<b>Community services</b>	<b>75</b>
7.1	Overview of community services in West Dapto CP (2020)	75
7.2	Criterion 1: Essential works	78
7.3	Criterion 2: Nexus	78
7.4	Criterion 5: Apportionment	78
<b>8</b>	<b>Plan administration</b>	<b>79</b>
8.1	Criterion 1: Essential works	79
8.2	Criterion 2: Nexus	80
8.3	Criterion 3: Reasonable cost	80
8.4	Criterion 5: Apportionment	80
<b>9</b>	<b>Land costs</b>	<b>82</b>
9.1	Overview of land costs in the West Dapto CP (2020)	83
9.2	Land already acquired or already owned by the council	85
9.3	Land yet to be acquired by the council	87
<b>10</b>	<b>Cross category considerations</b>	<b>92</b>
10.1	Criterion 3: Reasonable cost – indexation of contribution rates	93
10.2	Criterion 4: Timing of infrastructure delivery	93
10.3	Criterion 5: Apportionment across stages in the plan	94
10.4	Criterion 5: Apportionment to development exempt from contributions	96
10.5	Criterion 6: Consultation	97
10.6	Criterion 7: Other matters	97
	<b>Appendices</b>	<b>1</b>
<b>A</b>	<b>Terms of reference</b>	<b>3</b>
<b>B</b>	<b>Assessment against information requirements in the EP&amp;A Regulation</b>	<b>5</b>
<b>C</b>	<b>West Dapto CP (2016) – IPART recommendations and Ministerial advice</b>	<b>7</b>

## 1 Executive summary

Wollongong City Council (the council) submitted the Draft West Dapto Contributions Plan 2020 (West Dapto CP (2020)) to IPART for review in October 2019 because the contributions for residential development exceed the \$30,000 per dwelling/lot threshold under the Minister for Planning's *Local Infrastructure Contributions Direction 2012*.<sup>1</sup> The West Dapto CP (2020) is a revised plan, which we previously assessed in 2016. The council has updated the plan and made some revisions to address outstanding recommendations made by the Minister for Planning (the Minister) in response to our previous assessment of the plan.

We have completed this assessment in accordance with the guidance provided by the Department of Planning, Industry and Environment (DPIE) in its 2019 Practice Note (the Practice Note).<sup>2</sup>

This report sets out our findings and recommendations to the Minister on the amendments required to ensure that the plan reflects the reasonable costs of providing the necessary local infrastructure to accommodate the development of the precinct. This is important to ensure that developers do not pay too much for local infrastructure (if costs are too high) and that other parties, such as a council's ratepayers, do not have to subsidise the new development (if costs are too low).

Until July 2020, contributions caps limit the amount the council can levy on development in certain precincts. After July 2020, development in the West Dapto Urban Release Area (WDURA) can be levied the full contribution amount under the plan. The application of caps is NSW Government policy and it is not within the scope of our assessment to review this policy.

### 1.1 The plan is mostly reasonable, but costs can be reduced

Our assessment found that the cost of land and works in the West Dapto CP (2020) are mostly reasonable. However, we have made some recommended changes to the cost of land and works which in aggregate reduce costs in the plan.

Our draft recommendations would reduce the total cost of land, works and administration in the plan, from \$972,041,183 to \$945,856,041. This equates to a decrease in total costs of 2.7% relative to the plan submitted to us.

The council provided information during our assessment about stormwater and transport land and works that it had omitted from the plan. We found that nexus is established for these items and recommend that their costs are included in the plan. Including these items would

<sup>1</sup> Minister for Planning, *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* (last amended January 2019), cl 6(3) and Sch 2(17) (Ministerial Direction).

<sup>2</sup> See Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019 (Practice Note). We also assessed whether the West Dapto CP (2020) contains information required by the *Environmental Planning and Assessment Regulation 2000*.

increase the cost of transport land and works by \$1,326,316 and stormwater land and works by \$20,433,111.

We found that the cost of land in the plan is mostly reasonable, except that some estimated costs should be updated with actual costs, which reduces costs by \$603,754, and nexus is established for \$7,998,890 of land associated with additional works which were omitted from the plan. We also recommend a reduction of \$9,922,500 to the estimated costs of land for enhanced stormwater storage areas, which we found do not reflect the flood constrained nature of land to be acquired.

Our adjustments for works costs mostly impact transport and stormwater works. Overall, we recommend a reduction in the cost of transport works of \$37,315,220, which includes a reduction of \$27,255,864 to the estimated cost of cycleway paths. We recommend an overall increase in stormwater management works costs of \$12,731,406 and an increase in open space embellishment costs of \$1,294,791.

## 1.2 Overview of draft findings and recommendations

Our assessment of the West Dapto CP (2020) addresses each criteria in DPIE's Practice Note.

### Criterion 1: Essential works

We are required to assess whether the land and infrastructure included in the plan are on the essential works list outlined in the Practice Note. We found that all land, works and administration costs in the West Dapto CP (2020) are on the essential works list.

### Criterion 2: Nexus

We are required to assess whether there is nexus between the demand arising from new development and the public amenities and services to be provided in the plan. Nexus ensures that the infrastructure included in the contributions plan is sufficient to meet, but not exceed, the need generated by the increase in demand from the new development.

We found that nexus has been established for all the land, works and administration costs in the plan. During our assessment the council identified additional transport and stormwater management land and works which it had unintentionally omitted from the plan. We found the additional land and works are consistent with the council's technical studies and recommend that they be included in the plan.

While we have found that nexus is established for the additional land and works, we note that the council did not publicly consult on their inclusion. We invite stakeholders to provide comment on the additional land and works proposed by the council in response to this Draft Report.

### Criterion 3: Reasonable cost

We are required to assess whether the contribution rates in the plan are based on reasonable estimates of the cost of the proposed land and works, and any actual costs in the plan. This includes assessing how the costs of each item of infrastructure are derived and the method applied to calculate the contribution rates and escalate them over time.

When assessing the cost of completed projects in contributions plans, we compare costs to the council's previous estimates. We review the actual costs of a project in detail if they are substantially different from previous estimates, or if the scope of the work has changed.

If there is a difference between the actual cost and previous estimates, then we compare costs to benchmarks and other plans we have recently assessed. We also review the method of acquisition (for land) and the council's procurement (for works) to ensure the land and works were acquired/procured in a competitive market and/or are consistent with the council's procurement policies.

#### Cost of works

We found that the cost estimates for most works items in the plan are reasonable. In December 2019 we placed our assessment on hold because the council had not updated estimated costs to reflect the actual costs of some completed infrastructure. The council provided updated information which is relevant to our assessment. We recommend the council update costs in the plan where actual expenditure has occurred. We also made other recommendations for transport and stormwater works which overall reduce costs in the plan.

#### Cost of land

We found that the cost of land in the plan is mostly reasonable, but needs to be updated where actual expenditure has occurred or been agreed through Voluntary Planning Agreements and for some council-owned operational land. We also found that the council has not taken account of the flood constrained nature of land for enhanced stormwater storage areas when estimating land costs. We recommend that the council revise the cost of this land to reflect the flooding constraints.

#### Cost of administering the plan

We found the council's use of IPART's benchmark of 1.5% of the cost of works in the plan to estimate plan administration costs is reasonable.

#### Indexation of contribution rates

We found the council's approach to indexing contribution rates for both land and works is reasonable.

### Criterion 4: Timeframe for the delivery of infrastructure

We are required to assess whether the public amenities and public services in the plan can be provided within a reasonable timeframe. The West Dapto CP (2020) includes indicative timing for the delivery of each infrastructure item. We found this is reasonable.



## Criterion 5: Apportionment

We are required to assess whether the contribution rates are based on a reasonable apportionment of costs.

The council apportions the costs of transport, stormwater and plan administration between new residential and non-residential (commercial and industrial) development based on 'adjusted land area'. The council has applied 'adjustment factors' of 1.0 for residential, 0.75 for commercial and 0.15 for industrial land uses, to reflect the varying levels of land intensification and demand for infrastructure.<sup>3,4</sup> This results in residential land bearing a higher share of apportioned costs relative to its actual land area, and commercial and industrial land uses bearing a lower share of apportioned costs relative to their land area. The council then apportions costs amongst residential development on a per person basis. Contributions for non-residential land uses are levied on a per hectare basis.

The West Dapto CP (2020) apportions costs so that the contribution rates are the same across all five stages of the WDURA.

We found the council's approach in the West Dapto CP (2020) to apportioning the costs is mostly reasonable:

- ▼ Apportionment of costs **between residential and non-residential development** is reasonable for transport infrastructure and plan administration costs. For stormwater management costs, the council should not apply adjustment factors when apportioning costs on a NDA basis.
- ▼ Apportionment of costs **between the five stages of development** is not reasonable. The council should separately calculate a contribution rate for Stages 1-4 and Stage 5 for transport, stormwater and plan administration.
- ▼ Apportionment of open space and community services costs **between the five stages of development to residential development** only is reasonable.

## Criterion 6: Community consultation

We are required to assess whether the council has conducted appropriate community liaison and publicity in preparing the contributions plan. We consider the council's process for consulting on the plan satisfies the consultation criterion and complies with the statutory requirements.<sup>5</sup>

However, we note that the council provided additional information during our assessment, which was not included in the plan for public consultation. Councils should ideally incorporate all available information, and ensure plans are up-to date before they are publicly exhibited. We have considered the additional information from the council in our assessment and invite stakeholder feedback on new land and works in the plan.

<sup>3</sup> In particular, this reflects the council's assumptions and analysis that commercial and industrial land uses have less impact on the transport network relative to their share of land area: Information from Wollongong City Council, 22 November 2019. Note, the council provided a rationale for the application of adjustment factors for transport costs, but not stormwater or plan administration costs.

<sup>4</sup> West Dapto CP (2020), p 17.

<sup>5</sup> Clause 28 of the EP&A Regulation.

## **Criterion 7: Other matters**

We are required to assess whether the plan complies with other matters we consider relevant.

We considered the need for timely review of the plan. In our previous review of the plan we recommended that the council regularly review the plan, and we have maintained a similar draft recommendation. While development has progressed in the WDURA, the costs for most infrastructure are based on estimates that are, in some cases, over 10 years old.

Regular review of the plan would allow the council to use more up-to-date information and refine the designs and cost estimates for infrastructure, thereby reducing the uncertainties in the current draft of the plan. We have included a draft recommendation for the council to do this within the next three years.

### **1.3 Impact of our draft recommendations**

We have made 24 draft recommendations as a result of our assessment of West Dapto CP (2020). Most recommendations affect the total cost of land, works and plan administration.

Our recommendation for the council to review the plan within the next three years and every three to five years thereafter, will ensure the plan is updated when the council has a better understanding of the scope and cost of all infrastructure works.

Overall, we estimate that the reasonable cost of land, works and administration in the West Dapto CP (2020) is \$945,856,041 compared with \$972,041,183 in the plan submitted to IPART. Our recommendations to reduce the total costs in the West Dapto CP (2020) would also reduce the contribution rates in the plan.

#### **1.3.1 Our draft recommendations result in a small decrease in the cost of land**

We recommend adjustments to the cost of land in the West Dapto CP (2020) that would result in a net reduction estimated to be \$2,527,364 (-2.4%), comprising:

- ▼ An increase of \$670,684 in the cost of transport land to account for additional item that were omitted from the plan, and to update estimated costs with actual expenditure.
- ▼ An decrease of \$3,198,048 in the cost of stormwater land, which includes an increase of \$7,616,765 for four additional stormwater basins and a reduction of \$9,922,500 to the cost of land for enhanced storage areas to reflect underlying flooding constraints.



**Table 1.1 Summary of recommendations – West Dapto CP (2020) land costs (\$Dec2018)**

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable cost
<b>Transport land</b>	<b>36,195,536</b>		
Include land for three transport items for which nexus is established		382,125	
Update estimated costs in the plan with actual expenditure incurred or agreed through VPAs		288,559	
<b>Total transport</b>		<b>670,684</b>	<b>36,866,220</b>
<b>Stormwater management land</b>	<b>29,302,486</b>		
Include land for four additional stormwater basins for which nexus is established		7,616,765	
Update estimated costs in the plan with actual expenditure incurred or agreed		-892,313	
Reduce the cost of land for enhanced storage areas to reflect flooding constraints		-9,922,500	
<b>Total stormwater management</b>		<b>-3,198,048</b>	<b>26,104,438</b>
<b>Open space land</b>	<b>38,517,247</b>		
<b>Total open space</b>		<b>0</b>	<b>38,517,247</b>
<b>Community services land</b>	<b>1,757,500</b>		
<b>Total community services</b>		<b>0</b>	<b>1,757,500</b>
<b>Total land</b>	<b>105,772,769</b>	<b>-2,527,364</b>	<b>103,245,405</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

### 1.3.2 Our draft recommendations result in a decrease in the cost of works and plan administration

We recommend adjustments to the cost of works and plan administration in the West Dapto CP (2020) that would result in a net reduction estimated to be \$23,657,779 (2.7%), comprising:

- ▼ A net reduction of \$37,315,220 in the cost of transport works, including a \$27,255,864 reduction to the estimated cost of cycleways, and a \$10,982,422 reduction associated with updating estimated costs with actual expenditure
- ▼ A net increase of \$12,731,406 in the cost of stormwater works, which mostly comprises the costs of four additional stormwater basins
- ▼ A net increase of \$1,294,791 for the cost of open space embellishment, which mostly comprises an increase in the costs of the Cleveland sporting facility that are apportioned to the plan
- ▼ A reduction of \$368,757 in the cost of plan administration corresponding to the reduced cost of works.

The adjustments to works and plan administration costs in the West Dapto CP (2020) are summarised in Table 1.2.

**Table 1.2 Summary of recommendations – West Dapto CP (2020) works and plan administration (\$Dec2018)**

	Cost in plan	IPART recommended adjustment	IPART assessed reasonable cost
<b>Transport works</b>	<b>724,771,021</b>		
Reduce the cost of roads if grant funding is received		Not costed	
Add additional costs for part of Iredell Road and the intersection of Bong Bong Road and Glenlee Drive		944,191	
Update estimated costs in the plan with actual expenditure incurred		-10,982,422	
Revise the estimate for cycleways		-27,255,864	
Revise the estimate for cycleway bridges		-21,124	
<b>Total transport</b>		<b>-37,315,220</b>	<b>687,455,801</b>
<b>Stormwater management works</b>	<b>93,111,281</b>		
Include works for four additional stormwater basins for which nexus is established		12,816,346	
Apply a 25% contingency allowance for detention basins		-1,260,497	
Adjust GPT costs using estimates based on temporary works costs		1,038,223	
Adjust GPT costs and contingencies based on supplier estimates		137,334	
<b>Total stormwater</b>		<b>12,731,406</b>	<b>105,842,687</b>
<b>Open space embellishment</b>	<b>35,584,116</b>		
Remove the cost of the consultant study for the city-wide sports park in Darkes Town Centre		-30,000	
Apportion 100% of the Cleveland facility to the plan instead of 50%		1,324,791	
<b>Total open space</b>		<b>1,294,791</b>	<b>36,878,907</b>
<b>Plan administration</b>	<b>12,801,996</b>		
Reduce administration costs to be 1.5% of the revised cost of works		-368,757	
<b>Total plan administration</b>		<b>-368,757</b>	<b>12,433,239</b>
<b>Total works and administration</b>	<b>866,268,414</b>	<b>-23,657,779</b>	<b>842,610,635</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

### 1.3.3 Our recommendations would reduce contribution rates

Our draft recommendations to reduce the cost of land and works in the West Dapto CP (2020) would also reduce the residential and non-residential contribution rates in the plan. Our estimates of the impact on contribution rates are shown in Table 1.3, Table 1.4 and Table 1.5.

**Table 1.3 Per person contributions by infrastructure category (\$Dec2018)**

Infrastructure category	Residential per person contributions	IPART-adjusted residential per person contributions	Difference (%)
Transport	12,929	12,306	-4.8
Stormwater management	2,080	2,062	-0.9
Open space	1,290	1,313	1.7
Community facilities	31	31	0.0
Plan administration	218	211	2.9
<b>Total</b>	<b>16,547</b>	<b>15,923</b>	<b>-3.8</b>

**Note:** Contribution rates for non-residential development are levied on a per hectare of NDA basis. The estimated contribution rates do not include the impact of separately apportioning costs between Stages 1-4 and Stage 5.

**Source:** West Dapto CP (2020) p 25 and IPART analysis.

**Table 1.4 Non-residential contributions by infrastructure category (\$Dec2018)**

Infrastructure category	Commercial	IPART-adjusted commercial	Difference – commercial (%)	Industrial	IPART-adjusted industrial	Difference – industrial (%)
Transport	311,899	296,879	-4.8	62,838	59,812	-4.8
Stormwater management	50,174	66,595	32.7	10,108	66,595	558.8
Open space	-	-		-	-	
Community facilities	-	-		-	-	
Plan administration	5,247	5,093	-2.9	1,057	1,026	-2.9
<b>Total</b>	<b>367,320</b>	<b>368,570</b>	<b>0.3</b>	<b>74,003</b>	<b>127,433</b>	<b>72.2</b>

**Note:** Contribution rates for non-residential development are levied on a per hectare of NDA basis. The estimated contribution rates do not include the impact of separately apportioning costs between Stages 1-4 and Stage 5.

**Source:** West Dapto CP (2020) and IPART analysis.

**Table 1.5 Indicative contributions by dwelling type (\$Dec2018)**

Multi-unit housing	Occupancy rate per dwelling (persons)	Indicative contribution	IPART-adjusted contribution	Difference (\$)	Difference (%)
Subdivision	3.2	52,951	50,953	-1,998	-3.8
Dwelling house, dual occupancy	3.2	52,951	50,953	-1,998	-3.8
Multi-unit housing rate:					
4+ bedroom	2.9	47,987	46,176	-1,810	-3.8
3 bedroom	2.5	41,368	39,807	-1,561	-3.8
2 bedroom	2.2	36,404	35,030	-1,373	-3.8
1 bedroom	1.7	28,130	27,069	-1,061	-3.8

**Source:** West Dapto CP (2020) and IPART analysis.

## 1.4 List of recommendations

Our draft recommendations (and the page numbers on which they appear) for the West Dapto CP (2020) are listed below. All require action by Wollongong City Council.

### Transport

- 1 Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources. 36
- 2 Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan. 36
- 3 Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive which were omitted from the plan. 36
- 4 Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred. 41
- 5 Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance. 41
- 6 Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan. 41

### Stormwater

- 7 For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021. 54

- |    |   |    |
|----|---|----|
| 8  | Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,816,346.  | 54 |
| 9  | Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497.   | 55 |
| 10 | Amend the cost of two gross pollutant traps based on the council's estimates and a 30% contingency, increasing costs in the plan by \$1,038,223, comprising:  | 55 |
|    | – An increase of \$871,251 for the GPT in sub-catchment 5050  | 55 |
|    | – An increase of \$166,972 for the GPT in sub-catchment 6070.   | 55 |
| 11 | Amend the cost of three gross pollutant traps based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising: | 55 |
|    | – A decrease of \$105,472 for the GPT in sub-catchment 6010   | 55 |
|    | – An increase of \$87,528 for the GPT in sub-catchment 7140   | 55 |
|    | – An increase of \$155,278 for the GPT in sub-catchment 4060.   | 55 |
| 12 | In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works.   | 55 |
| 13 | Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA).   | 59 |

#### Open space

- |    |   |    |
|----|---|----|
| 14 | For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and ensure that the plan includes: | 67 |
|    | – Sufficient accessible recreation opportunities for all residents.   | 67 |
|    | – Sufficient formal recreation facilities (sports grounds) for the release area.  | 67 |
| 15 | For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.   | 71 |
| 16 | Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.  | 71 |
| 17 | Apportion 100% of the cost of the Cleveland outdoor sports facilities (OS13) to development within the WDURA.   | 73 |

## Plan administration

- 18 Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$368,757. 80

## Cross-category issues (land)

- 19 Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising: 85
- An increase of \$288,559 for transport land 85
  - A decrease of \$892,313 for stormwater land 85
- 20 Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land. 88
- 21 Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land. 88

## Cross-category issues (other)

- 22 For the apportionment of costs across stages: 95
- Maintain the current approach of having the same contribution rates across all stages for open space and community facilities costs. 95
  - Create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; Catchment 2 comprising Stage 5 of the release area. 95
- 23 Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis. 96
- 24 Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area. 98

## 1.5 Structure of this Draft Report

The following chapters provide our analysis of the West Dapto CP (2020) against the criteria in the Practice Note, and explain the draft recommendations we have made for the council to make adjustments to the plan.

- ▼ Chapter 2 outlines the context for our assessment of contributions plans
- ▼ Chapter 3 provides an overview of the West Dapto CP (2020)
- ▼ Chapter 4 presents our analysis of transport infrastructure



- ▼ Chapter 5 presents our analysis of stormwater infrastructure
- ▼ Chapter 6 presents our analysis of open space embellishment
- ▼ Chapter 7 presents our analysis of community services land
- ▼ Chapter 8 presents our analysis of plan administration
- ▼ Chapter 9 presents our analysis of land costs
- ▼ Chapter 10 presents our analysis of cross-category issues, ie, the indexing of contribution rates, timing of infrastructure delivery (Criterion 4), apportionment between stages of development (Criterion 5), consultation (Criterion 6) and other matters (Criterion 7).

## 1.6 How you can have a say on this Draft Report?

Submissions in response to this Draft Report are due by 27 March 2020. Late submissions may not be accepted.

IPART's role in reviewing a contributions plan is limited to assessing the plan against the criteria in DPIE's *Local Infrastructure Contributions Practice Note*, January 2019. You can access the Practice Note on IPART's website <<http://www.planning.nsw.gov.au/Policy-and-Legislation/Infrastructure/Infrastructure-policies>>.

Our consultation does not seek to duplicate the council's consultation process when it is preparing a contributions plan.

We intend to provide our Final Report to the Minister for Planning and Public Spaces in May 2020.

## 2 Context and approach for this assessment

We commenced our assessment of the West Dapto CP (2020) in October 2019. This is the second time we have assessed the West Dapto CP. To provide context for our assessment, the sections below outline:

- ▼ What contributions plans are
- ▼ Why the council submitted the West Dapto CP (2020) for assessment
- ▼ The aim of our assessment
- ▼ Our approach and consultation process for assessment
- ▼ What will happen next.

### 2.1 What are contributions plans?

In NSW, local councils are primarily responsible for providing local or community infrastructure required to meet the additional demand for services and facilities generated by new development in their local government area. Councils can levy developers for local infrastructure contributions to fund the costs of providing this infrastructure.

However, to do so, a council must prepare a contributions plan which sets out:

- ▼ The local infrastructure required to meet the demand associated with development in a specific area
- ▼ The estimated cost of the land, works and administration required to provide this infrastructure
- ▼ The contribution rates for different types of development which the council proposes to levy on developers.<sup>6</sup>

### 2.2 Why has the council submitted its plan to IPART?

IPART assesses contributions plans from councils that propose to levy contributions above \$30,000 per residential lot or dwelling in identified greenfield areas and \$20,000 per residential lot or dwelling in other areas.<sup>7</sup>

<sup>6</sup> A consent authority may impose a condition under section 7.11 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) only if it is in accordance in with a contributions plan (section 7.13). The EP&A Regulation makes provisions for or with respect to the preparation and approval of contributions plans, including the format, structure and subject-matter of plans.

<sup>7</sup> Ministerial Direction, 2012, as amended.

An IPART-reviewed contributions plan entitles the council to levy:

- ▼ For specified transition areas, up to a capped amount (currently \$45,000 in greenfield areas and \$35,000 elsewhere) and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any contribution which is above the cap.
- ▼ For other areas, the full contribution amount.

The council has submitted the draft plan for IPART's assessment because the contributions for some types of residential development exceed the \$30,000 per lot/dwelling review threshold which applies under the Minister's *Local Infrastructure Contributions Further Amendment Direction 2018* (issued on 18 December 2018). The council is currently levying contributions up to the capped amount of \$45,000 for some types of development in the WDURA. From July 2020, the council intends to levy the full amount under the plan.

This is the second time we have assessed the West Dapto CP. In response to our first assessment in 2016 the Minister for Planning requested the council amend the plan to address some of our recommendations before adopting it; and requested the council address other recommendations in its next review of the plan.

### 2.3 What is the aim of our assessment?

Broadly, our assessments are intended to bring greater transparency and accountability to setting local development contributions. More specifically, in conducting the assessment and making our recommendations, we aim to ensure the plan reflects the reasonable costs of providing necessary local infrastructure to support the new development.

If costs in the plan are too high (ie, higher than the reasonable costs of infrastructure with a nexus to the development), developers may pay too much for local infrastructure. On the other hand, if costs in the plan are too low (ie, lower than the reasonable costs of infrastructure with a nexus to the development), then the new development would effectively be subsidised by the council's ratepayers.

Contributions that reflect the reasonable costs of local infrastructure provision are important for reasons of both efficiency and equity. They are necessary to:

- ▼ Signal the costs of developing different areas. This in turn, can assist in ensuring that development occurs where it should (ie, where the benefits of the development are greater than its costs).
- ▼ Ensure that other parties (such as a council's ratepayers) do not have to fund any shortfall between the actual costs of providing local infrastructure and the revenue received from development contributions.

In the context of the West Dapto CP (2020), our assessment recognises that the release area is in the early stages of development, with development planned over a 50-year period. Detailed design and cost estimates for many infrastructure items are not yet available.

## 2.4 What approach did we use for this assessment?

In assessing the West Dapto CP (2020) we considered:

- ▼ The criteria set out in the *Local Infrastructure Contributions Practice Note* (Practice Note) issued by DPIE<sup>8</sup>
- ▼ Information and further advice from the council and DPIE on various aspects of the plan.

### 2.4.1 We considered the assessment criteria in the Practice Note

IPART's assessment functions for local infrastructure contributions plans are based on terms of reference issued by the Premier under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (see Appendix A).

As required by these terms of reference, we have assessed the West Dapto CP (2020) in accordance with the criteria set out in the Practice Note. The criteria require us to assess whether:

1. The public amenities and public services in the plan are on the essential works list.
2. The proposed public amenities and public services are reasonable in terms of nexus.<sup>9</sup>
3. The proposed development contribution is based on a reasonable estimate of the cost of the proposed public amenities and public services.
4. The proposed public amenities and public services can be provided within a reasonable timeframe.
5. The proposed development contribution is based on a reasonable apportionment of costs.
6. The council has conducted appropriate community liaison and publicity in preparing the contributions plan.
7. The plan complies with other matters we consider relevant.

We also assessed whether the plan contains the information required by Clause 27 of the *Environmental Planning and Assessment Regulation 2000*. A summary of our assessment of the West Dapto CP (2020) against these requirements is provided in Appendix B.

### 2.4.2 We considered the Minister's advice on the recommendations from our 2016 assessment of the West Dapto CP (2016)

We completed an assessment of the West Dapto CP (2016) in October 2016, which enabled the council to apply for funding from the State Government to meet the gap between the

<sup>8</sup> Practice Note, January 2019. The January 2019 Practice Note replaces the January 2018 *Practice Note - Local infrastructure Contributions*. The 2019 revision clarifies the timing of when a council can adopt a contributions plan (particularly where the draft plan proposes a rate above the maximum cap amount in the Direction). The assessment criteria for our review remain the same.

<sup>9</sup> Nexus ensures that there is a connection between the land and facilities in a contributions plan and the demand for them arising from the new development.

contributions cap and the “IPART-assessed” cost of infrastructure in the plan. In September 2017, the Minister requested the council make 31 amendments to the West Dapto CP before the plan was eligible for gap funding, and address eight further recommendations by 30 June 2019 to be eligible to apply for further gap funding after that date.

The West Dapto CP (2020) submitted to IPART for assessment is the first revision of the plan since it came into force in 2017. Our assessment considered how the council has amended the plan to reflect the Minister’s advice.

#### **2.4.3 We considered changes to the release area since our previous assessment**

There have been changes in the release area since our previous assessment of the plan, which have resulted in minor updates to the scope of some infrastructure in the plan. These changes are outlined further in Chapter 3; and specifically in the relevant infrastructure chapters.

We considered the impact of these changes to the release area in our assessment of the local infrastructure in the West Dapto CP (2020).

The West Dapto CP (2020) shows that the council has acquired only a small amount of land and completed very few works in the plan. However, we were aware of several works that have been completed and were not reflected as actual costs in the plan. During our assessment we asked the council to comprehensively review the plan to ensure the actual costs of completed projects are reflected in the plan. The council provided us with updated costs for land acquisitions and completed works and identified a small number of transport and stormwater items that it had unintentionally omitted from the plan.

Our assessment of the West Dapto CP (2020) has therefore considered the reasonableness of the costs for land acquisitions and completed works submitted by the council during our assessment, as well as the council’s estimates for land that it is yet to acquire and works that have not yet been completed.

#### **2.4.4 We considered the council’s approach to apportioning costs across the five stages of the WDURA**

In our 2016 assessment of the plan we recommended that the council consider an approach to apportionment that split the costs between Stages 1-3 and Stages 4 and 5. The recommendation was based on a notional split of costs between stages and the principle of ensuring those that use, or create the need for the additional infrastructure pay for it.

The Minister requested the council amend the plan in response to our 2016 recommendation. The council considered the recommendation and presented additional information, and proposed an approach to apportionment which kept contribution rates the same across the 5 stages of the WDURA in the West Dapto CP (2020).

We have further considered this recommendation in detail and the council’s approach to apportionment in our assessment of the West Dapto CP (2020).



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We have made a draft recommendation that the council separately apportion costs for transport, stormwater and plan administration in Stage 5. Our draft recommendation recognises both the different approach to funding (for stormwater) and the different costs of development between areas in the WDURA (driven by transport costs).

Our draft recommendation balances the 'impactor' or beneficiary' pays principles with the practicalities of implementing differential contribution rates.

The final apportionment of costs in Stage 5 should be based on the location of stormwater infrastructure, and on transport modelling for transport costs. We have not calculated the impact of this recommendation on contribution rates in our Draft Report, but our preliminary analysis indicates that our draft recommendation reduces rates in Stage 5.

## 2.5 What happens next?

We are now seeking submissions on our draft findings and recommendations and invite comment from interested parties by **27 March 2020**.

A list of our draft recommendations is in section 1.4 of Chapter 1.

We will take stakeholder submissions into account in determining our recommendations in the Final Report. As required by the Ministerial Direction, we will deliver our Final Report to the Minister and the council.

The Minister will then consider our assessment and, if appropriate, request the council to amend the contributions plan. Once the council has made any requested amendments, the plan becomes an IPART-reviewed plan and the council may levy contributions in accordance with the adopted plan.



## 3 Overview of the West Dapto Contributions Plan

The West Dapto CP (2020) covers the WDURA, which is located south west of Wollongong, near Lake Illawarra. The WDURA has almost 2,000 hectares of developable land and encompasses an established suburb (Horsley), recently released sub-divisions, re-zoned but undeveloped land and unzoned rural areas.

This is the second time IPART has assessed the West Dapto CP. We previously assessed the plan in 2016, and in response to our assessment the Minister for Planning requested that the council address all of IPART's 39 recommendations. The recommendations were split into two categories, including 31 for the council to address before accessing Local Infrastructure Growth Scheme (LIGS) funding, and eight recommendations for the council to address when it next reviewed the plan.

This chapter provides information about the plan that has been submitted to IPART, including the cost of infrastructure and contribution rates and the proposed development to which the adopted plan will apply.

During our assessment we identified a number of instances where the council had completed projects, but had not updated the estimated costs in the plan with actual costs. The council subsequently provided us with updated information on the actual cost of land acquired and completed works. We summarise this information in section 3.5 and provide additional information and analysis in each infrastructure chapter.

### 3.1 Status of the West Dapto CP (2020)

Wollongong City Council exhibited the draft plan between 29 June 2019 and 2 August 2019. The council has not yet adopted the revised plan. The West Dapto CP (2020), once adopted, will replace the plan that was previously assessed by IPART in 2016 and adopted by the council in 2017.<sup>10</sup>

This revised plan submitted to IPART is intended to address outstanding amendments requested by the Minister in response to our 2016 assessment of the plan.

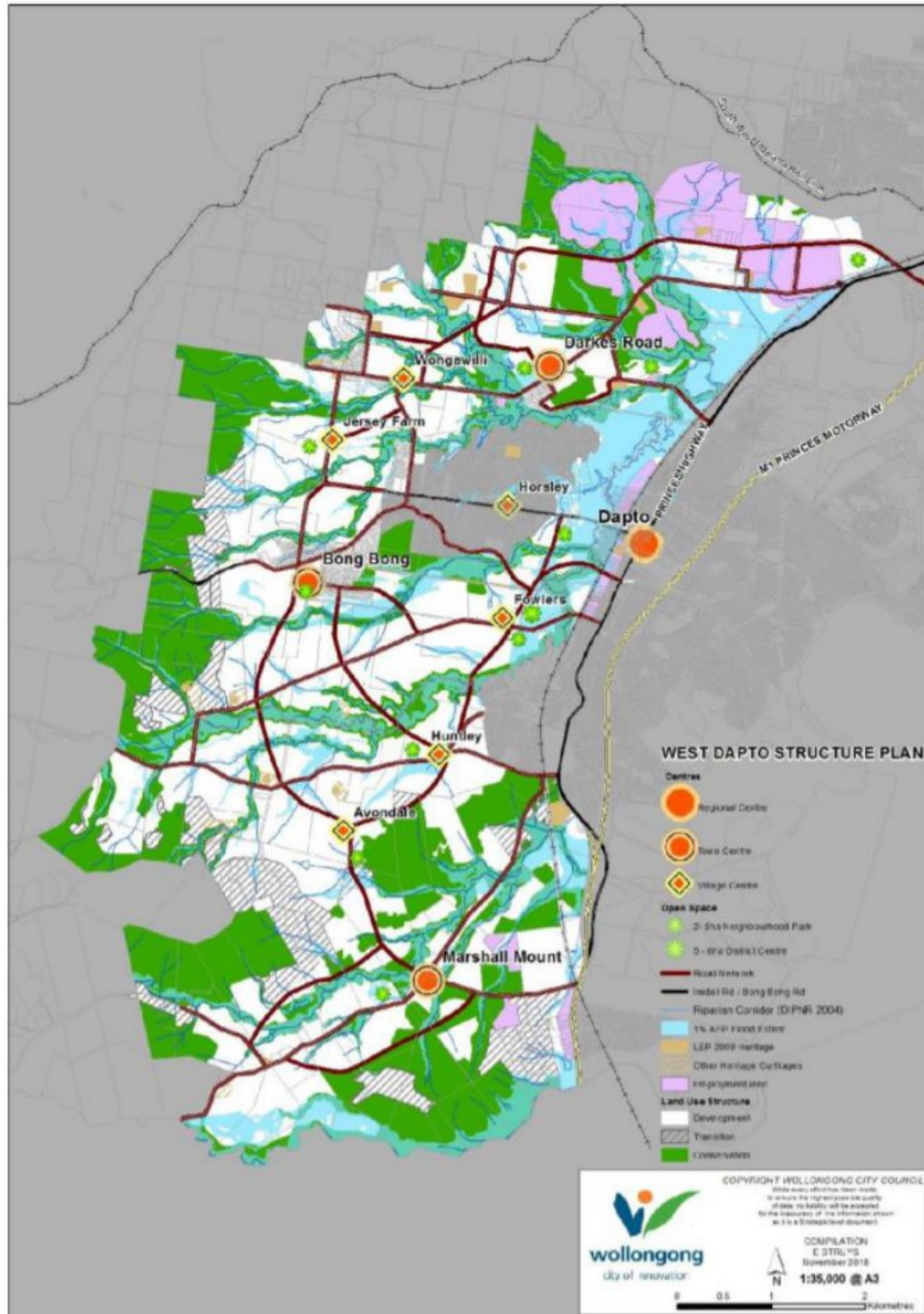
### 3.2 Land and development in the West Dapto Urban Release Area

The WDURA is notionally split into five stages, with some parts of Stages 1 and 2 rezoned for urban development in 2010. Some areas covered by the plan are yet to be rezoned.

Figure 3.1 shows the West Dapto Structure Plan, highlighting the existing and planned centres and the locations of open space and road infrastructure. Figure 3.2 shows the boundaries of the WDURA and the area's staging plan.

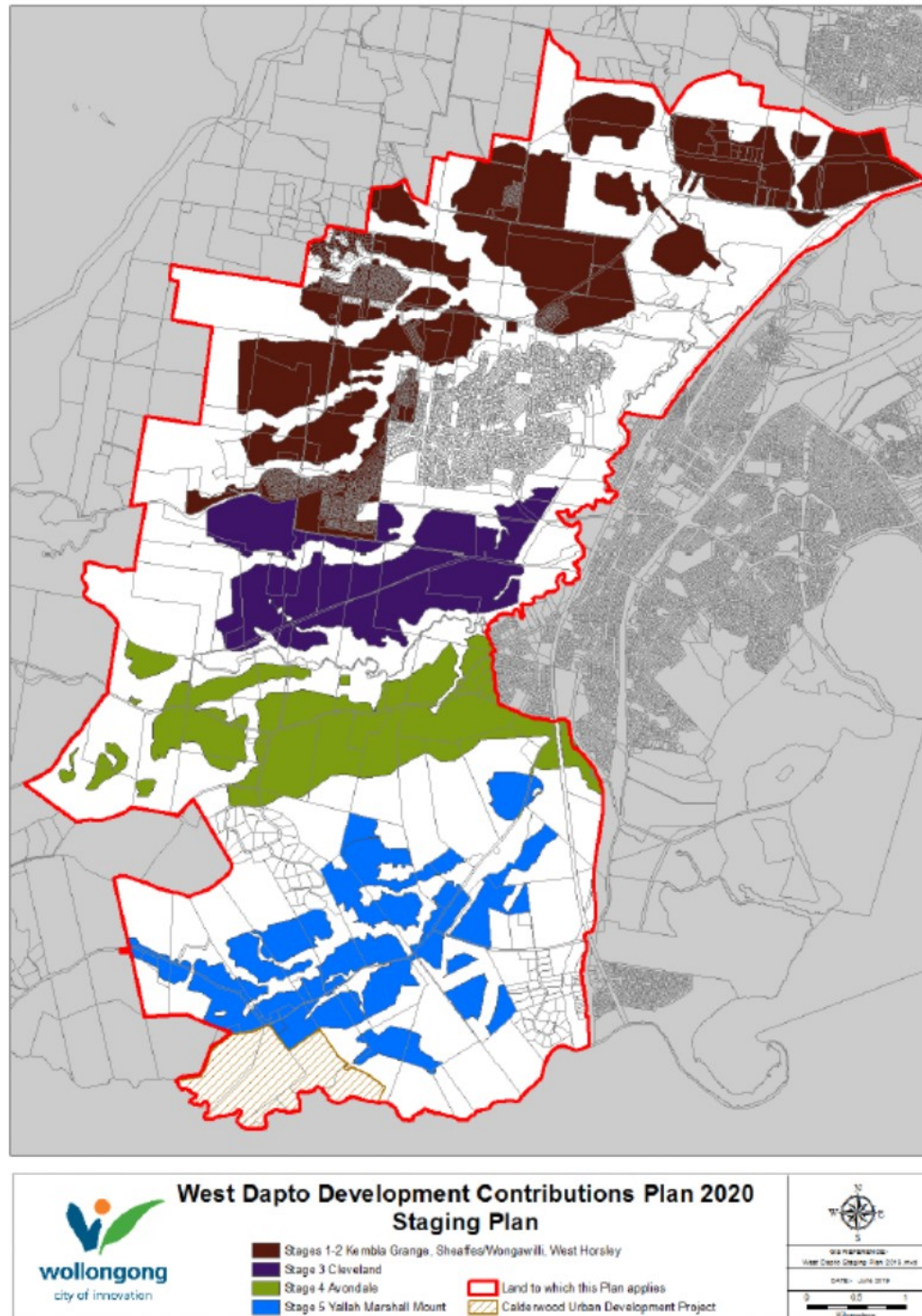
<sup>10</sup> The council exhibited and adopted a minor amendment to the plan in 2019 to update wording and legislative references but did not change the scope or cost of works in the plan. This plan was not assessed by IPART.

**Figure 3.1 Land to which the West Dapto CP (2020) applies**



**Source:** Wollongong City Council, *Wollongong Development Control Plan 2009* – as amended August 2019.

**Figure 3.2 West Dapto Release Area Staging Plan**



Source: West Dapto CP (2020), p 20.



The WDURA will primarily accommodate low density residential development, typical of a greenfield release area. The council expects 19,794 new dwellings and an additional 57,433 people when the release area is fully developed (Table 3.1).<sup>11</sup> The council expects development will occur over approximately 50 years (between 2010 and 2060). To date, all development has occurred in Stages 1-2. As at July 2019, the council has issued Development Applications for 1,839 individual lots and Subdivision Certificates for 1,517 lots.

**Table 3.1 Expected residential population by stage of development**

Stage	Actual	Forecast				Total
	2010/11 – 2017/18	2018/19 – 2027/28	2028/29 – 2037/38	2038/39 – 2047/48	2049/50 – 2057/58	2010/11 – 2057/58
Stage 1 and 2	3,119	9,450	3,894	1,950	0	18,413
Stage 3	0	4,071	3,772	5,577	589	14,009
Stage 4	0	1,149	3,111	3,525	4,866	12,651
Stage 5	0	1,889	4,120	3,850	2,501	12,360
<b>Total</b>	<b>3,119</b>	<b>16,559</b>	<b>14,902</b>	<b>14,902</b>	<b>7,956</b>	<b>57,433</b>

Source: West Dapto CP (2020), p 16.

The council also expects development in the WDURA to include over 200 hectares of commercial and industrial development. Table 3.2 shows the quantity and location of non-residential land expected to be developed between 2010 and 2060.

**Table 3.2 Non-residential development assumptions – hectares**

Land zone	Stages 1-2	Stage 3	Stage 4	Stage 5	Total
Commercial	9.21	6.20	4.12	3.16	22.69
Industrial & other	174.36	0	0	6.08	180.44
<b>Total</b>	<b>183.57</b>	<b>6.20</b>	<b>4.12</b>	<b>9.24</b>	<b>203.13</b>

Source: West Dapto CP (2020), Table 6, p 17.

The West Dapto CP (2020) applies to the following development within the WDURA:

- ▼ Residential development, including the subdivision of land and/or the construction of any type of residential accommodation
- ▼ Non-residential development, including the subdivision of land and/or the construction of any non-residential development, including for commercial and industrial uses
- ▼ Mixed use development. Where the development includes both a residential and non-residential component, the contribution will be levied based on the individual uses and both a residential and non-residential contribution will apply.<sup>12</sup>

<sup>11</sup> The West Dapto CP (2020) assumes a slightly higher population (57,433) and dwelling yield (19,974) than the West Dapto CP (2017) and council's *West Dapto Vision* document. The latter two documents assumed a population of 56,579 and 19,543 dwellings.

<sup>12</sup> West Dapto CP (2020), section 2.9, p 8.

### 3.3 Cost of land and works

The total cost of land, works and plan administration in the West Dapto CP (2020) is \$972.04 million (\$Dec2018), comprising:

- ▼ \$105.77 million (10.9%) for the acquisition of land for local infrastructure
- ▼ \$853.47 million (87.8%) for local infrastructure works
- ▼ \$12.80 million (1.3%) for plan preparation and administration.<sup>13</sup>

Table 3.3 provides a breakdown of costs in the West Dapto CP (2020) by infrastructure category.

**Table 3.3 Cost of land and works in the plan (\$Dec2018)**

Infrastructure category	Land	Works	Administration	Total
Transport	36,195,536	724,771,021	-	760,966,557
Stormwater management	29,302,486	93,111,281	-	122,413,767
Open space	38,517,247	35,584,116	-	74,101,363
Community facilities	1,757,500	-	-	1,757,500
Plan administration	-	-	12,801,996	12,801,996
<b>Total</b>	<b>105,772,769</b>	<b>853,466,418</b>	<b>12,801,996</b>	<b>972,041,183</b>

Source: West Dapto CP (2020), p 5.

### 3.4 Contribution rates in the West Dapto CP (2020)

The *Environmental Planning and Assessment (Local Infrastructure Contributions) Further Amendment Direction 2018* (issued on 18 December 2018) applies differential caps to residential contributions according to the area to which a plan applies.

Once IPART reviews the contributions plan and the council responds to any changes requested by the Minister, the council can levy residential development:

- ▼ Until 30 June 2020 – up to \$45,000 and apply for Local Infrastructure Growth Scheme (LIGS) funding for the amount of any residential contribution which is above the cap
- ▼ From 1 July 2020 – the full contribution amount.

#### 3.4.1 Contributions are levied on a per person or net developable area basis

The West Dapto CP (2020) calculates contributions for residential development on a per person basis and for non-residential development on a net developable area (NDA) basis.

The council intends to levy a contribution towards transport, stormwater and plan administration costs from non-residential development. To arrive at a contribution rate for non-residential development, the council calculates an 'adjusted land area' by applying 'adjustment factors' which recognise the varied demand for infrastructure by the type of development. The council notes that:

<sup>13</sup> West Dapto CP (2020) Works Schedule.

To recognise the varying levels of land intensification and demand on infrastructure it is considered reasonable to adjust the land area when calculating the apportionment. A rate of 100% for residential 75% for commercial and 15% for industrial has been applied.<sup>14</sup>

Table 3.4 shows how costs are apportioned between residential, commercial and industrial developments based on this approach. The implication of this approach is that residential development, which is expected to represent 89.8% of total land area, bears 97.6% of transport, stormwater and plan administration costs. On the other hand, commercial and industrial land uses are apportioned a smaller share of costs relative to their expected share of land area.

**Table 3.4 Apportionment between residential and non-residential land uses**

Land use	Total land area (ha)	Share of total land area (%)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (%)
Residential	1,778.22	89.8	1	1,778.22	97.6
Commercial	22.69	1.2	0.75	17.02	0.9
Industrial and other	180.44	9.1	0.15	27.07	1.5
<b>Total</b>	<b>1,981.35</b>	<b>100</b>		<b>1,822.31</b>	<b>100</b>

**Note:** Total may not equal to sum due to rounding.

**Source:** West Dapto CP (2020), Table 7, IPART analysis.

Table 3.5 shows the contribution rates for residential and non-residential development by infrastructure category in the West Dapto CP (2020). The apportionment factors account for the difference in per hectare contribution rates for commercial and industrial land uses.

**Table 3.5 Contribution rates by infrastructure category (\$Dec2018)**

Category	Residential (\$ per person)	Commercial (\$ per ha of NDA)	Industrial (\$ per ha of NDA)
Transport	12,929	311,899	62,838
Stormwater management	2,080	50,174	10,108
Open space	1,290	-	-
Community facilities	31	-	-
Plan administration	217	5,247	1,057
<b>Total</b>	<b>16,547</b>	<b>367,320</b>	<b>74,003</b>

**Source:** West Dapto CP (2020) Works Schedule.

### 3.4.2 Indicative residential contributions

Indicative contributions for residential developments are based on the council's assumed occupancy rates for various sized dwellings. Table 3.6 lists the indicative contributions for the different lot and dwelling types, as set out in the West Dapto CP (2020).

<sup>14</sup> West Dapto CP (2020), p 17.



**Table 3.6 Indicative residential contributions per lot and dwelling (\$Dec2018)**

Type of residential development	Occupants per dwelling (persons)	Indicative contribution
Subdivision	3.2	52,951
Dwelling house, dual occupancy	3.2	52,951
<b>Multi-unit housing:</b>		
4+ bedrooms	2.9	47,987
3 bedrooms	2.5	41,368
2 bedrooms	2.2	36,404
0-1 bedrooms	1.7	28,130

**Source:** West Dapto CP (2020), Works Schedule

### 3.4.3 Credits and exemptions

In accordance with the plan, the council intends to provide credit for existing development in limited circumstances. The plan gives the example of a dual occupancy on an existing lot being granted credit (ie exemption from a contribution) for one, but not both of the dwellings.<sup>15</sup>

## 3.5 The council provided us with updated and additional information during our assessment

During our assessment we identified a number of instances where the council had completed projects, but had not updated the estimated costs in the plan with actual costs. In December 2019 we placed our assessment on hold awaiting additional information we needed from the council to complete our assessment.

The council provided us with additional information in late December that included:

- ▼ Updated actual costs for completed and partially completed transport projects
- ▼ Updated actual land costs for transport and stormwater items
- ▼ Actual costs for one additional road segment and one intersection which were not included in the plan
- ▼ Estimated and actual costs of land and works for four additional detention basins (including wetland areas and Gross Pollutant Traps (GPTs), which were not included in the plan
- ▼ Updated information about council owned operational land.

Table 3.7 sets out the total costs in the plan compared with the revised information from the council. In aggregate, the total costs in the plan increase with the additional information.

<sup>15</sup> West Dapto CP (2020), p 11.

**Table 3.7 Comparison of additional information with plan submitted (\$Dec2018)**

	Plan submitted	Plan including additional information		
	Total	Actual costs	Estimated costs	Total
Transport	760,966,557	39,150,924	712,345,156	751,496,079
Stormwater management	122,413,767	242,178	142,568,651	142,810,829
Open space	74,101,363	6,485,059	67,616,304	74,101,363
Community facilities	1,757,500	0	1,757,500	1,757,500
Plan administration	12,801,996	0	12,801,996	12,801,996
<b>Total</b>	<b>972,041,183</b>	<b>45,878,161</b>	<b>955,798,932</b>	<b>982,967,768</b>

**Note:** Actual costs in the plan submitted are \$3,231,146 for transport and \$6,485,059 for open space.

**Source:** West Dapto CP (2020) Works Schedule, Information from Wollongong City Council, 24 December 2019, IPART analysis.

While it is preferable that councils include all relevant infrastructure and up-to-date costing information in the plan that is publicly exhibited and submitted for IPART's assessment, we consider that all the additional information provided by the council is relevant to our assessment in this instance. Our analysis of the additional information on transport and stormwater management works and nexus for land is presented in Chapters 4 and 5; and our analysis of additional information related to land costs is in Chapter 9.

We welcome stakeholder views on the additional costs and infrastructure items in the plan, and encourage feedback to our Draft Report.

## 4 Transport

The total cost of transport land and works in the West Dapto CP (2020) is \$760.97 million (78.3% of total costs), comprising:

- ▼ \$36.20 million for land (34.2% of the total cost of *land*)
- ▼ \$724.77 million for works (84.9% of the total cost of *works*).

Our assessment of the transport land and works in the West Dapto CP (2020) is as follows:

- ▼ **Criterion 1: Essential works** – The land and works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – There is nexus between the transport land and works in the plan and development in the West Dapto Urban Release Area (WDURA). The council is waiting on confirmation of grant funding for two roads; the value of any grant funding should be deducted from the plan if funding is secured. Further, nexus is established for two transport works items and land for three transport items which the council identified through our assessment process.
- ▼ **Criterion 3: Reasonable cost** – The council's approach to estimating the cost of transport works in the plan is mostly reasonable, except for:
  - Some projects where actual expenditure has been incurred
  - Cycleways
  - Cycleway bridges.
- ▼ **Criterion 5: Apportionment** – The council's approach to apportioning costs for residential development on a per person basis is reasonable; its approach to apportioning costs between residential and non-residential development is also reasonable.

Our assessment of land for transport against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our draft findings, we recommend adjustments to the plan we estimate would reduce the cost of transport land and works costs by \$37,177,749 (4.9%). Our draft findings and recommendations are summarised in Table 4.1. This includes our findings and recommended adjustments on land costs.

**Table 4.1 IPART-recommended adjustments for transport (\$Dec2018)**

Criterion	Draft finding	Draft recommendation	Land	Works
<b>Total costs in plan</b>			<b>36,195,536</b>	<b>724,771,021</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list			
<b>Nexus</b>	Nexus is established for the land and works in the plan			
	Some roads are being considered for funding through other sources	Remove the cost of grant funding if it is approved before adopting the plan		Not costed
	Additional land acquisitions were required for three transport items which have a works component in the plan	Include land for three transport items for which nexus is established	382,125	
	Some infrastructure items were omitted from the plan	Include costs for part of Iredell Road and the intersection of Bong Bong Road and Glenlee Drive		944,191
<b>Reasonable cost – Land</b>	The cost of land is mostly reasonable			
	Some estimated costs have not been updated with actual expenditure	Update estimated costs with actual expenditure incurred	288,559	
<b>Reasonable cost – Works</b>	The cost of works is mostly reasonable			
	Some estimated costs have not been updated with actual expenditure	Update estimated costs with actual expenditure incurred		-10,982,422
	Cycleway costs based on the IPART benchmark are too high	Revise the estimate for cycleways		-27,255,864
	There is an error in how the council has indexed the costs for cycleway bridges	Revise the estimate for cycleway bridges		-21,124
<b>Apportionment</b>	Approach is reasonable			
<b>Total IPART-recommended cost adjustment</b>			<b>670,684</b>	<b>-37,315,220</b>
<b>Total IPART-assessed reasonable cost</b>			<b>36,866,220</b>	<b>687,455,801</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis.

#### 4.1 Overview of transport works in the West Dapto CP (2020)

The existing transport network in the WDURA comprises mostly rural roads, with the exception of the existing suburb of Horsley which has an urban standard road network.

Development of the WDURA will require new and upgraded roads, bridges and intersections, as well as additional bus stops and an integrated cycleway network. Transport works comprise around 85% of works costs in the West Dapto CP (2020). The high cost of transport

works reflects the heavily constrained nature of the release area, with the council proposing elevated roads and bridges for flood-accessible routes.

Table 4.2 shows the cost of transport land and works in the plan, and Figure 4.1 shows the location of transport infrastructure in the WDURA.

**Table 4.2 Transport land and works in the West Dapto CP (2020) (\$Dec2018)**

Item	Cost of land	Cost of works	Total cost
New roads	25,332,527	165,707,842	191,040,369
Upgrades to existing roads	8,737,150	153,286,960	162,024,110
Road bridges	1,810,972	316,539,221	318,350,193
Road intersections <sup>a b</sup>	0	41,564,573	41,564,573
Bus shelters and kiosks	0	5,649,390	5,649,390
Shared paths/cycleways	314,889	40,372,308	40,687,197
Cycleway bridges	0	1,650,729	1,650,729
<b>Total</b>	<b>36,195,536</b>	<b>724,771,021</b>	<b>760,966,557</b>

**a** Intersections include priority controlled intersections, roundabouts and traffic signals.

**b** Intersections are separately costed in the plan, but they do not include a land component as the land acquisition is included with the corresponding road.

**Source:** West Dapto CP (2020) Works Schedule.

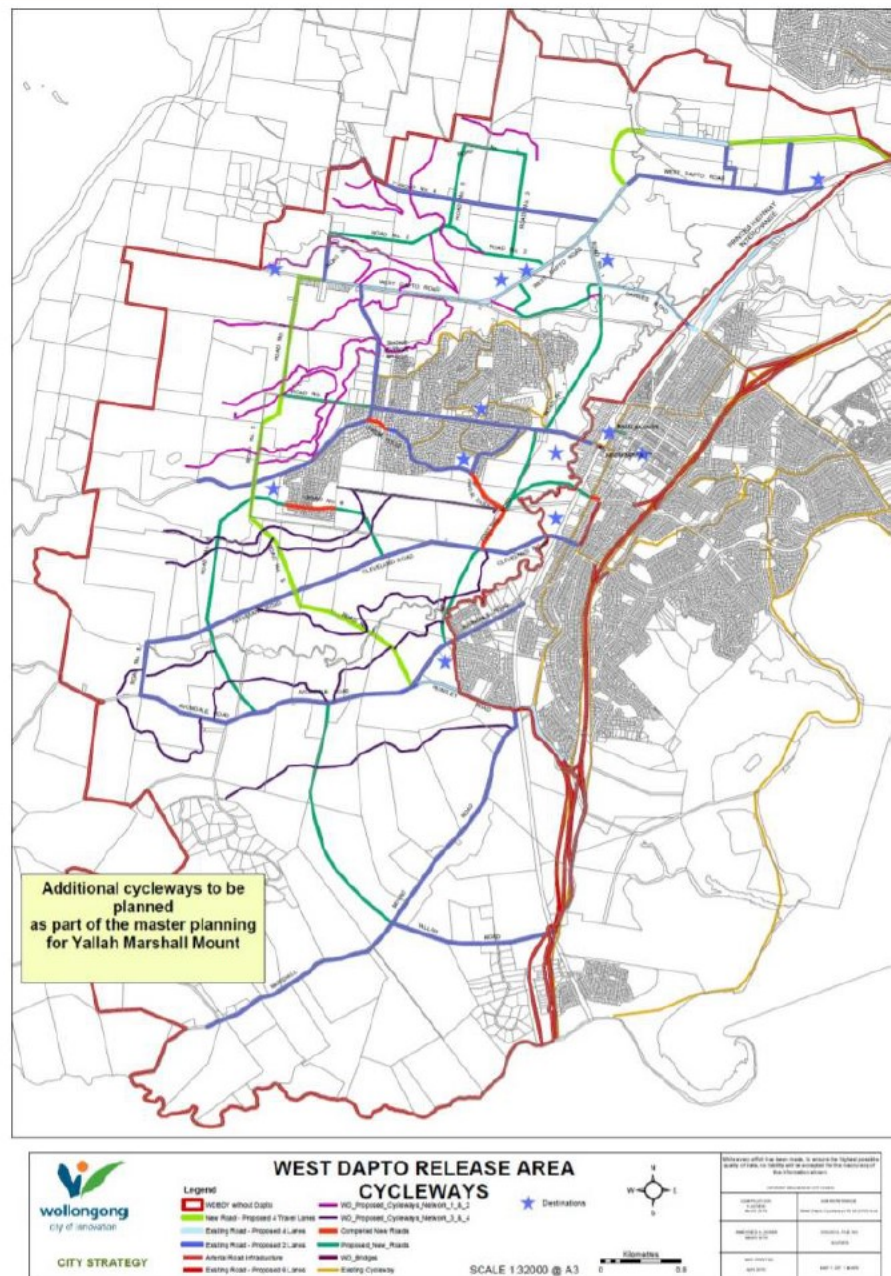
Through our assessment we identified a number of transport projects which are complete, or partially complete where the council had not updated the estimated costs in the plan with actual expenditure. Our analysis of the council's actual expenditure is presented in section 4.4.1.

In updating the plan with actual expenditure for completed projects, the council identified two transport works items, including a road segment and an intersection, which it had excluded from the plan. We discuss nexus for these works further in section 4.3.3.

The council also identified four instances where land was acquired to complete transport projects, but a land component was not identified in the plan. We consider nexus is established for these land acquisitions and discuss it further in section 4.3.3.



**Figure 4.1 Location of transport works in the West Dapto CP (2020)**



**Note:** This figure from the DCP provides a comprehensive map of transport infrastructure in the release area, showing the location of roads, bridges and cycleways. The contributions plan also includes a detailed map of transport infrastructure but it is split over 3 pages.

**Source:** Wollongong City Council, Wollongong Development Control Plan (DCP) 2009, Chapter D16: West Dapto Release Area, Figure 7.9 Cycleway network p 52 – amended December 2018.



## 4.2 Criterion 1: Essential works

The items of transport infrastructure in the West Dapto CP (2020) are set out in Table 4.3. All land and works for transport in the West Dapto CP (2020) are consistent with the essential works list in the Practice Note.<sup>16</sup>

There are land acquisitions associated with most transport infrastructure items.

**Table 4.3 Transport works items in the West Dapto CP (2020)**

Items on the essential works list	
▼ New and upgraded roads	▼ Bus shelters and kiosk
▼ Road bridges	▼ Cycleways
▼ Cycleway bridges	▼ New and upgraded intersections

## 4.3 Criterion 2: Nexus

The technical studies relied upon by the council to establish nexus for transport infrastructure are unchanged from those used in the West Dapto CP (2016). For our assessment of the West Dapto CP (2016) we engaged transport consultants ARRB Group Ltd (ARRB) to review nexus for transport infrastructure. ARRB found that nexus was established for most transport works based on the studies listed in Table 4.4.

<sup>16</sup> Department of Planning & Environment, *Local Infrastructure Contributions Practice Note*, January 2019.

**Table 4.4 Technical studies for transport works in the West Dapto CP (2020)**

Author	Title	Date
GHD	<i>Infrastructure &amp; Financial / Economic Assessment Report</i>	April 2006
Kellogg Brown & Root	<i>Transport Management and Access Plan, Stage 2 Study - Final Report</i>	March 2007
Connell Wagner	<i>West Dapto T-Map Extension Study</i>	October 2008
Urbanhorizon	<i>West Dapto Masterplan Traffic &amp; Transport Review, Final Report</i>	November 2008
Cardno	<i>West Dapto Release Area Access Review, Investigation of Alternative Transport Access Options</i>	November 2008
Urbanhorizon	<i>Peer Review – Traffic &amp; Transport Report, Northrop</i>	November 2008
Cardno	<i>West Dapto Transport Link Review, Review and Cost Estimates for Alternative, Low Cost Options</i>	November 2009
GHD	<i>Road Infrastructure (Section 94) Estimates Review</i>	February 2010
AECOM	<i>West Dapto Urban Release Area – Integrated Transport Plan</i>	October 2010
Wollongong City Council	<i>West Dapto Urban Release Area Stages 1 &amp; 2 – Road Network Infrastructure Needs Study – Traffic Modelling &amp; Analysis</i>	October 2010
Wollongong City Council	<i>Yallah-Marshall Mount Precinct Structure Plan and Draft Planning Proposal</i>	March 2015
SMEC	<i>Marshall Mount and Yallah Road Upgrade – Strategic Concept Design</i>	August 2015
Wollongong City Council	<i>TRACKS Land Use/Transport models</i>	

**Note:** Most of the technical studies were commissioned by Wollongong City Council, with some of the earlier studies commissioned by the Growth Centres Commission.

**Source:** Wollongong City Council, Application to IPART, August 2019.

The contributions plan also relies on the council's LGA-wide traffic model, which was used to establish the required road hierarchy to service the future population of West Dapto and adjoining release areas.<sup>17</sup> This model also informs nexus and apportionment of costs for transport infrastructure in the plan.

Since our 2016 assessment, the council has updated some transport items to reflect the revised Structure Plan and West Dapto Vision 2018 document. It has also:

- ▼ Revised the number of bus shelters in the plan from 214 to 218
- ▼ Included five additional cycleway bridges.<sup>18</sup>

We consider our 2016 assessment findings, which were based on ARRB's advice, are still relevant given the location and scope of works remain largely unchanged. Where changes have been made, they reflect the progress of planning for the release area.

Our assessment is that nexus is established for all transport land and works in the plan. The council had outstanding grant funding applications for two roads. If the council's applications are successful before finalising the plan, it should remove those costs from the plan.

<sup>17</sup> The council uses a transport planning program called TRACKS which is a third-party transport planning package used to assist the analysis and interpretation of land use and transport planning problems.

<sup>18</sup> West Dapto CP (2020), Works Schedule and West Dapto CP (2020), p 31.

During our assessment the council identified additional transport items that have been delivered by developers who have received credit for the works through planning agreements. We consider nexus is established for these additional transport works.

The council also identified three instances where land was acquired to complete transport projects that are identified in the plan, but do not include an estimated cost for the land. We consider nexus is established for these additional land acquisitions.

#### Draft recommendations

- 1 Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources.
- 2 Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan.
- 3 Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive which were omitted from the plan.

#### 4.3.1 Nexus is established for transport infrastructure where the scope changed

Since our 2016 assessment, the council has updated some transport items to reflect the revised Structure Plan and the West Dapto Vision 2018 document. Changes include:

- ▼ Extension of Northcliffe Drive along existing Reddalls Road to connect with West Dapto Road just east of the intersection with Shone Avenue.
- ▼ Removal of North-South Link Road, between Darkes Road and Bong Bong Road (West Dapto CP (2020) road sections NR19 and NR20).
- ▼ Realignment of Hayes Land / Jersey Farm Road Link to the north-east to join Shone Avenue.
- ▼ Realignment of the proposed new road between Cleveland Road and Brooks Reach Road.<sup>19</sup>

The West Dapto Vision 2018 explains that these refinements reflect further analysis by the council and consideration of new neighbourhood plans and development applications, as well as the consolidation of town and village centres.<sup>20</sup> In aggregate, the changes appear to slightly reduce the total cost of transport infrastructure in the plan.<sup>21</sup>

We consider nexus is established for these changes as they appear to be consistent with the progress of development in the release area. We also note that the council consulted stakeholders on the proposed changes through the exhibition of the West Dapto CP (2020) and the West Dapto Vision 2018 document.

<sup>19</sup> Wollongong City Council, Business Papers, 24 September 2019, p 101.

<sup>20</sup> Wollongong City Council, *West Dapto Vision Document*, December 2018, p 11.

<sup>21</sup> West Dapto CP (2020) Works Schedule.

#### 4.3.2 The council is seeking grant funding for two roads

The council has applied for partial funding of two roads in the plan through the NSW Government's Housing Acceleration Fund (HAF). The roads are:

- ▼ West Dapto Road Upgrade (HAF amount sought: \$25,500,000)
- ▼ Cleveland Road Upgrade (HAF amount sought: \$20,000,000).

The council intends to remove the partial cost of these roads from the plan if and when the grant funding is received. DPIE, which administers the fund, has advised that both roads are still being considered for funding. A decision on the upgrade of West Dapto Road may be finalised before we complete our assessment.<sup>22</sup> We have included a recommendation to remove the value of any grant (HAF) funding for these roads from the plan if the council is successful in its application. However, we have not included the impact of the recommendation in our calculations of total cost or contributions rates.

If the council's applications for grant funding are successful, there would be no need to include the grant-funded parts of the roads in the West Dapto CP (2020). We recommend the council remove costs from the plan if it secures funding through the HAF.

#### 4.3.3 Inclusion of additional transport land and works identified by council is reasonable

During our assessment we asked the council to review the actual expenditure that had been incurred for transport projects in the WDURA. As part of this exercise the council identified additional transport works which were unintentionally omitted from the plan. Additional transport works items are outlined in Table 4.5.

**Table 4.5 Transport items omitted from the plan (\$Dec2018)**

Road transport item	Actual cost of works
Intersection of Bong Bong Road and Glenlee Drive <sup>a</sup>	745,865
Iredell Road (NR50) <sup>b</sup>	198,326
<b>Total Cost</b>	<b>944,191</b>

<sup>a</sup> Delivered through works in kind agreement (Stockland's Planning Agreement dated 30/6/17)

<sup>b</sup> Delivered through works in kind agreement (Alkira Planning Agreement dated 30/6/2016)

**Note:** Works costs have been indexed to the base period of the plan

**Source:** Wollongong City Council, Information from council, 16 January 2020

We assessed nexus for the road segment NR50 on Iredell Road during our 2016 assessment. The council unintentionally omitted these road costs during its latest update to the plan. There is no land component associated with these works. We consider nexus is established for these works.

The cost of upgrading the intersection of Bong Bong Road and Glenlee Drive was omitted from the previous and current draft versions of the plan. The intersection upgrade is outlined in the planning agreement between council and Grindley Properties Pty Ltd for the Alkira

<sup>22</sup> Information from DPIE, 28 October 2019 & 22 January 2020.

Estate (Alkira Planning Agreement). The works are complete and credit has been given to the developer through the plan. There is no land component associated with these works. We consider nexus is established for the intersection upgrade because the works are necessary for the upgrade of Bong Bong Road, which is identified in the technical studies.

The council also provided additional information about land costs associated with three transport items listed in Table 4.6. Each transport item was included in the plan with a works component only, but the council advised that land acquisitions were required to deliver the works.

**Table 4.6 Land for transport items omitted from the plan (\$Dec2018)**

Road transport item	Actual cost of land
West Dapto Road Rail Crossing (Int 11)	6,175
Intersection (Int 25) on Shone Avenue	28,774
Road (F3), bridge (B38) and Intersection (Int 32) works on Fairwater Drive	347,177
<b>Total</b>	<b>382,125</b>

**Note:** Costs have been indexed to the base period of the plan

**Source:** Information from Wollongong City Council, 16 January 2020 and 14 February 2020

We consider nexus is established for these additional land acquisitions because they are required to facilitate transport projects which were identified in the technical studies.

#### 4.3.4 Increased number of bus shelters is reasonable

The council has revised the number of bus shelters required for the WDURA. In our 2016 assessment we recommended:

- 10 WCC review the number of bus stops needed for unidirectional services with a view to reducing the number and costs in the Draft West Dapto CP.

In response to our recommendation the council has reviewed the number of bus stops required and identified a need to increase the number from 214 to 218.<sup>23</sup>

The proposed number of bus stops reflects a spacing of around 400 metres between stops, which is consistent with NSW Government guidance for greenfield developments.<sup>24</sup> We consider the council's proposal for 218 bus shelters is reasonable.

#### 4.3.5 Inclusion of cycleway bridges is reasonable

The council has included five cycleway bridges in the plan which it has identified as necessary to deliver the region's integrated cycleway network.

<sup>23</sup> West Dapto CP (2020), p 31.

<sup>24</sup> Transport for NSW, *Guidelines for Public Transport Capable Infrastructure in Greenfield Sites*, July 2018.



The cycleway bridges are not included in the technical/demand studies, but the council considers they are necessary and that their provision reflects the principles outlined in the West Dapto Vision 2018 document.

We consider nexus is established for the five cycleway bridges in the plan.

#### 4.3.6 Some of the council's technical studies are over ten years old

Planning for the release area's transport needs predates the first West Dapto CP, which was adopted in 2010. The council led planning for the region, with the then NSW Growth Centres Commission reviewing the council's planning and technical documents in 2008, before rezoning occurred. The West Dapto CP (2020) relies on a number of studies commissioned by the council and the NSW Growth Centres Commission that are now more than 10 years old.

We consider these technical studies are still relevant for establishing nexus, despite the time that has elapsed since planning for the region began. The council appears to be proactive in updating and internally reviewing the transport needs of the region and reflecting changes through the Structure Plan and DCP when new information is available. We consider the council's approach to transport planning in the WDURA is reasonable.

#### 4.4 Criterion 3: Reasonable cost

The total cost of transport works in the West Dapto CP (2020) is \$724.77 million (84.9% of the total cost of works).

For our 2016 review of the plan we engaged transport consultants ARRB to review the reasonable cost of transport infrastructure. ARRB identified a number of issues with the council's approach to estimating the cost of infrastructure, which resulted in recommended cost reductions for:

- ▼ Existing road upgrades, due to lower recommended unit rates and a lower contingency allowance for Fowlers Road.
- ▼ Bridge costs, where the council had based estimates on a four lane instead of a two lane bridge.
- ▼ Design and project management fees and contingency allowances.<sup>25</sup>

We also recommended the council update the plan with the actual cost of completed transport projects. Although the Minister for Planning asked the council to make this change, the council had not updated the costs in the West Dapto CP (2020).

In December 2019 we placed our assessment of the plan on hold until the council had comprehensively reviewed and updated cost estimates in the plan for completed transport projects. The council provided updated information for a number of projects, which is outlined in section 4.4.1 and is summarised in Table 4.8. In aggregate, the updated actual cost

<sup>25</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, Table 3.9, p 73.



information from the council reduces works costs in the plan by \$10,796,794 (1.5% of transport works costs).

The cost of transport works in the West Dapto CP (2020) are the same as those recommended by ARRB for IPART's assessment of the West Dapto CP (2016), other than:

- ▼ Indexation of the estimates to the base period of the plan (all items)
- ▼ Cycleways, for which the council now uses the IPART benchmark plus a contingency allowance
- ▼ The addition of costs for cycleway bridges.

Costs also differ from those recommended by ARRB where the council has updated estimated costs to reflect actual costs for works completed or partially completed. The council has provided updated actual costs for roads, intersections, bridges and cycleway paths.

Table 4.7 shows the council's approaches to estimating the cost of each type of transport infrastructure where construction is yet to occur.

**Table 4.7 The council's approaches for estimating transport works costs**

Item	Costing approach	Contingency
Road infrastructure Stages 1-4	ARRB recommended costs based on its review of unit rates from GHD (2010), indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales (except for the specific cost for Fowlers Road extension)</i>	20%
Fowlers Road extension	ARRB recommended cost based on its review of the concept design and cost estimate prepared by R O'Sullivan, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	20%
Road infrastructure Stage 5	ARRB recommended costs based on its review of SMEC specific costs, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%
Bus shelters	ARRB recommended cost based on IPART benchmark report, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	0%
Bus kiosks	ARRB recommended cost based on internal council estimate, reviewed by GHD (2010), indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	0%
Cycleway paths	IPART benchmark cost, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%
Cycleway bridges	Internal council estimate, indexed to the base period of the plan (Dec 2018) by <i>ABS Road and bridge construction New South Wales</i>	15%

**Source:** West Dapto CP (2020) Works Schedule, IPART analysis.

We found that:

- ▼ The costs for new roads, existing roads, intersections and bridges are reasonable. They reflect ARRB's recommended costs, based on its review of the technical studies and consultant advice used to inform the cost estimated in the West Dapto CP (2016).

- ▼ Cost estimates should be updated to reflect actual expenditure when transport projects are complete or partially complete. We recommend the council update transport costs in the plan based on the additional information about actual expenditure it provided during our assessment.
- ▼ The council's use of the IPART benchmark cost for bus shelters is reasonable, and the estimated cost of bus kiosks is reasonable.
- ▼ The council's use of the IPART benchmark cost for cycleways is not reasonable. The estimated cost of cycleways should be based on the internal council estimate that we assessed as reasonable in 2016.
- ▼ The council has incorrectly indexed the estimated cost for cycleway bridges.

To calculate contingencies in the plan, the council has adopted the IPART benchmark rate of 20% for road infrastructure cost estimates in Stages 1-4. We found in our previous assessment of the plan that this approach is reasonable for cost estimates provided at the strategic planning stage. For other costs, the council applies a contingency allowance equal to 15% of the base cost. We consider the council's contingency allowances to be reasonable.

In summary, we consider that the transport works costs in the plan are mostly reasonable, with the exception of the cost of cycleway/shared paths and cycleway bridges. We also identified a number of instances where cost estimates in the plan should be updated to reflect actual expenditure.

Our assessment of land costs for transport infrastructure is separately discussed in Chapter 9.

#### Draft recommendations

- 4 Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred.
- 5 Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance.
- 6 Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan.

#### 4.4.1 Some transport projects are complete, or partially complete and should be updated with actual expenditure.

The West Dapto CP (2020) includes actual costs for one bridge, one single-lane roundabout and small sections of the cycleway network. We were aware of a number of additional transport projects which are complete or partially complete but the estimated costs in the plan for these projects had not been updated.

In December 2019 we placed our assessment of the plan on hold until the council had comprehensively reviewed and updated cost estimates in the plan for completed transport projects. Table 4.8 outlines the updated information on actual costs provided by the council.

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We recommend the council update the estimated costs in the plan with the actual costs for completed projects. Where a project is partially complete, the council should identify the parts of the project which are complete and the remainder which is based on an estimate of the outstanding work.

**Table 4.8 Updated actual transport cost information compared with transport works costs in the plan submitted (\$Dec2018)**

Transport Item	Works cost in the plan	Revised actual cost	Revised estimated cost	Revised total cost	Difference
	A			B	A – B
Intersection at West Dapto Road Rail Crossing <sup>a</sup>	1,145,289	1,790,415	0	1,790,415	645,126
Smiths Lane Bridge <sup>b</sup>	3,435,188	3,542,826	0	3,542,826	107,638
Shone Avenue (various works) <sup>c</sup>	11,983,768	3,893,509	0	3,893,509	-8,090,260
Bong Bong Road (section BB6)	1,112,004	674,822	0	674,822	-437,182
Cleveland Road (bridge and other works)	8,787,557	6,239,586	0	6,239,586	-2,547,971
Fairwater Drive (intersection and road works)	2,414,789	2,471,886	0	2,471,886	57,097
Western Ring Road (road segments and intersection)	3,791,405	1,477,582	2,313,823	3,791,405	0
Cycleways (part) (Stages 1&2) <sup>d</sup>	695,474	220,888	0	220,888	-474,586
Cycleways (part) (Stage 3)	342,402	100,117	0	100,117	-242,285
<b>Total</b>	<b>33,707,877</b>	<b>20,411,631</b>	<b>2,313,823</b>	<b>22,725,455</b>	<b>-10,982,442</b>

<sup>a</sup> The council provided an update to the cost of the West Dapto Road Rail Crossing. The total cost of the intersection is \$3,493,179. The council considers that a more reasonable apportionment of the actual costs to the plan would be 50% of the upwardly revised total works cost of \$1,790,415. The plan submitted apportioned 100% of the estimated costs to the plan. The council's change to apportionment reflects small grants and general revenue that was used to partially pay for the works. The remaining estimated cost is for a small section of road that has not been completed.

<sup>b</sup> The cost in the plan is the same as the credit given to a developer under a planning agreement. The bridge has been delivered by the developer.

<sup>c</sup> The total estimated cost of Shone Avenue was \$28.69 million. The total cost to the plan was \$15.39 million after deducting the cost of grants received by the council. The works cost in the plan column deducts for grants received by the council.

<sup>d</sup> The actual cost of cycleway upgrades is based on works in kind agreements with developers. The specific land value associated with the 210m cycleway referred to in the 2016 Alkira Planning Agreement is not separately listed. The value in the table includes the total project value which includes a value associated with land dedication.

**Source:** Information from Wollongong City Council, 24 December 2019, IPART analysis.

#### 4.4.2 The council's revised cost of cycleways is not reasonable

The total cost of works for the cycleway network in the West Dapto CP (2020) is \$42,023,037, comprising:

- ▼ \$40,372,308 for 41.99km of shared use cycle pathway
- ▼ \$1,650,729 for five shared use cycle pathway bridges.

Table 4.9 provides a breakdown of the length and cost of cycleway paths by stage. Most of the cycleway network is expected to be delivered in Stages 1-2.

**Table 4.9 Cycleway network in the WDURA – length and cost (\$Dec2018)**

Stage	Total length (km)	Cost of works
Stages 1-2 <sup>a</sup>	18.33	17,422,631
Stage 3	9.51	9,221,580
Stage 4	9.51	9,221,580
Stage 5	4.65	4,506,517
<b>Total</b>	<b>41.99</b>	<b>40,372,308</b>

<sup>a</sup> Stages 1-2 include \$223,952 of actual works costs for cycleways completed through WIK agreements.

**Source:** West Dapto CP (2020) Works Schedule.

The council has estimated cycleway costs using a unit rate of \$843 per linear metre, which is based on IPART's Benchmark Report and applied it to the estimated length of the cycleways.<sup>26</sup> The council adds a 15% contingency allowance to the IPART estimate, and indexes the cost to the base period of the plan.

The IPART benchmark rate for cycleways is higher than cycleway unit rates in other plans we have recently assessed, and higher than the rate the council previously used in the plan. The council had previously used an estimated rate of \$250 per linear metre, which was based on an internal council estimate.

We consider the council's previous estimate for cycleways, indexed to the base year of the plan, is a better costing source than the IPART benchmark as it is informed by the council's experience in delivering cycleways. We consider the council's estimated contingency allowance of 15% is reasonable.

The plan submitted by the council indicated that only a small segment of the cycleway network had been completed. However, in updating actual costs, the council identified an additional 1,070 metres of cycleway that have been provided through works in kind agreements.<sup>27</sup> The updated cycleway costs are shown in Table 4.8.

Our recommendation to update for actual costs in the plan includes cycleways delivered through works in kind agreements.

<sup>26</sup> IPART, *Local Infrastructure Benchmark Costs – Final Report*, April 2014 (IPART's Benchmark Report).

<sup>27</sup> Includes works in kind agreements for 210m in the Alkira Planning Agreement (30/6/2016), 507m in development application DA-2017/1053, and 353m in development application DA-2017/1054.



For the remaining cycleway network, which is based on estimated costs, our recommendation to apply a revised unit rate of \$311 per linear metre (\$250 indexed to the base period, plus 15% contingency) would reduce cycleway costs by \$27,255,864 to \$13,116,444.

#### **4.4.3 The council's estimated cost of cycleway bridges is reasonable, except for its indexation of the cost to the base period of the plan**

The West Dapto CP (2020) includes \$1,650,729 for five cycleway bridges, at a cost of \$330,146 per bridge.<sup>28</sup> The cost is based on a 2016 quantity surveyor estimate for a 16 metre span pedestrian bridge in the Wollongong suburb of Figtree.<sup>29</sup> The council applies a 15% contingency to the base cost of the bridge, and indexes the cost to the base period of the plan.

We consider the base estimate is reasonable in the short term, except that the council incorrectly applies indexation from 2014 instead of 2016. Correcting for this issue reduces the cost of the five cycleway bridges by \$21,124.

In its next review of the plan the council should undertake further planning and design for the required cycleway bridges and update its cost estimates.

### **4.5 Criterion 5: Apportionment**

In assessing whether the council's apportionment of transport costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development.

The council apportions all transport costs in the West Dapto CP (2020) to new development in the WDURA, except for some roads in Stage 5 which are partially apportioned to the adjoining Calderwood development. We consider the council's approach is reasonable.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. We consider this approach is reasonable for apportioning transport costs.

Our assessment of the council's apportionment of transport management costs across stages is discussed in section 10.3 as a cross category issue.

<sup>28</sup> West Dapto CP (2020), p 31 and West Dapto CP (2020) Works Schedule.

<sup>29</sup> Information from Wollongong City Council, 26 October 2019.



#### 4.5.1 The council's approach to apportioning transport costs between Calderwood and West Dapto is reasonable

The council uses a transport model called TRACKS to inform apportionment of transport infrastructure in Yallah-Marshall Mount (Stage 5) to the Calderwood development. The model estimates the likely future percentage of traffic on roads in Stage 5 that would come to and from Calderwood to access the M1 Pacific Motorway. Table 4.10 shows the roads and percentage of total cost apportioned to the West Dapto CP (2020).

**Table 4.10 Roads partially apportioned to the West Dapto CP (2020) (\$Dec2018)**

Road	Total cost	Apportionment to plan (%)	Cost to plan
Yallah Road	28,838,951	75.75%	21,846,721
Marshall Mount Road	75,519,962	44.27%	33,434,479
Centre Bypass	26,406,287	24.66%	6,511,402

**Note:** Centre Bypass (TR29) is a proposed road that will link Marshall Mount Road and Yallah Road.

**Source:** West Dapto CP (2020) Works Schedule.

We asked the council for further information about the model and methodology used to inform apportionment. The council explained that the model isolates the likely peak period trips generated by Calderwood to estimate a demand-driven approach to apportionment. It advised that the methodology has been reviewed by Traffic Design Group to verify the approach.<sup>30 31</sup> We did not review the council's model as part of our assessment.

We consider the council's approach to apportioning costs between Calderwood and the West Dapto CP (2020) is reasonable.

#### 4.5.2 The approach to apportioning transport costs between residential and non-residential development is reasonable

Total transport costs are apportioned between residential, industrial and commercial development on an adjusted NDA basis. The area for industrial and commercial development is adjusted "to recognise the varying levels of land intensification and demand on infrastructure".<sup>32</sup>

Once costs are apportioned to each land use type, they are then apportioned within each land use type. Transport costs are apportioned across new residential development on a per person basis, while contributions for commercial and industrial development are levied on a per hectare basis.

To arrive at its estimate of adjusted NDA, the council applies apportionment factors of 1.0 for residential, 0.75 for commercial, and 0.15 for industrial development.<sup>33</sup> The implication of this approach is that residential development, which represents 89.8% of total land area, bears 97.6% of transport costs, while commercial and industrial land uses are apportioned a smaller

<sup>30</sup> Information from Wollongong City Council, 2 October 2019.

<sup>31</sup> Traffic Design Group is a specialist traffic engineering and planning consultancy. It developed the transport model used by the council.

<sup>32</sup> West Dapto CP (2020), p 17.

<sup>33</sup> West Dapto CP (2020), p 17.

share of costs relative to their share of land area. Table 4.11 shows the impact of the adjustment factors on transport costs apportioned to different types of development.

**Table 4.11 Apportionment of transport costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	742,551,166 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	7,076,989 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	11,338,402 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>760,966,557</b>

Source: West Dapto CP (2020) p 17, IPART analysis.

Apportionment between residential and non-residential development should ideally be based on transport modelling. Where this is not available, we note that NDA is an imperfect measure of demand, and adjustment factors can be applied to better reflect the demand arising from different types of development.

During our assessment the council presented transport modelling to justify its approach to apportioning costs between residential and non-residential development. The council's modelling provides evidence of a lower demand for transport infrastructure within the WDURA from industrial land. The council's argument for a lower rate for industrial development appears broadly reasonable, based on the position of industrial land and its proximity to the M1 Motorway.

The council has not provided transport modelling or other convincing evidence for the use of the adjustment factor of 0.75 to apportion transport infrastructure costs to commercial development. However, as commercial development only accounts for 1.1% of total NDA, the adjustment factor has a very small impact on contribution rates.

We have not included a recommendation to change the apportionment of transport costs to industrial development, but we may consider further evidence before publishing our Final Report.

Our assessment to date is that the adjustment factors for apportioning transport costs are reasonable.

## 5 Stormwater management

The total cost of stormwater management land and works in the West Dapto CP (2020) is \$122.41 million (12.6% of total costs), comprising:

- ▼ \$29.30 million for land (27.7% of the total cost of *land*),
- ▼ \$93.11 million for works (10.9% of the total cost of *works*).

Our assessment of the stormwater management land and works in the West Dapto CP (2020) is as follows:

- ▼ **Criterion 1: Essential works** – The land and works are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – There is nexus between the stormwater management land and works in the plan and development in the WDURA.
- ▼ **Criterion 3: Reasonable cost**
  - The base costs for detention basins (including wetland areas), enhanced storage areas and trunk drainage are based on existing technical studies; we consider they are reasonable.
  - The council's application of a 30% contingency allowance for detention basins (including wetland areas) is not reasonable given previous use of a 25% contingency.
  - The base costs for gross pollutant traps (GPTs) use an IPART benchmark, which we consider is reasonable.
  - Where the council has updated estimates, these should be used in place of previous estimates or benchmark costs.
- ▼ **Criterion 5: Apportionment** – The apportionment of costs is reasonable except for the apportionment between residential and non-residential development and apportionment across stages of development. We consider apportionment across stages of development as a cross-category issue in Chapter 10.

Our assessment of land for stormwater management against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our findings, we recommend adjustments to the plan that would increase the cost of stormwater land and works by \$9,533,358 (7.8%). Our draft findings and recommendations are summarised in Table 5.1. This includes our findings and recommended adjustments on land costs.

**Table 5.1 IPART-recommended adjustments for stormwater management (\$Dec2018)**

Criterion	Draft finding	Draft recommendation	Land	Works
<b>Total costs in plan</b>			<b>29,302,486</b>	<b>93,111,281</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list.			
<b>Nexus</b>	Nexus is established for all land and works in the plan.			
	Infrastructure items were omitted from the plan	Include land and works (including detention basins, wetland areas and gross pollutant traps) in four additional sub-catchments	7,616,765	12,816,346
<b>Reasonable cost - Land</b>	The cost of land is reasonable except:			
	Cost estimates for enhanced storage areas do not reflect flooding constraints	Amend cost estimates using the average value of flood constrained land	-9,922,500	
	Actual costs for two detention basins were omitted from the plan	Update estimated costs with actual expenditure for two sub-catchments	-892,313	
<b>Reasonable cost - Works</b>	Cost of works are reasonable except:			
	The application of 30% contingency allowance for detention basins is high	Revise the contingency allowance to 25%		-1,260,497
	Updated estimates are available for GPT costs in two sub-catchments	Adjust costs using estimates based on temporary works costs		1,038,223
	Updated estimates are available for GPT costs in three sub-catchments	Adjust costs and contingencies based on supplier estimates		137,334
<b>Apportionment</b>	Approach to apportionment is not reasonable	Apportion costs between residential and non-residential development based on unadjusted NDA	Impacts contribution rate only	
		Calculate separate contribution rates for Stages 1-4 and Stage 5 (see Chapter 10)	Impacts contribution rate only	
<b>Total IPART-recommended cost adjustment</b>			<b>-3,198,048</b>	<b>12,731,406</b>
<b>Total IPART-assessed reasonable cost</b>			<b>26,104,438</b>	<b>105,842,687</b>

Source: West Dapto CP (2020) Works schedule, IPART analysis.



## 5.1 Overview of stormwater management works in the West Dapto CP (2020)

The WDURA is primarily a greenfield area, dissected by a series of watercourses which can experience intense floods of short duration. The WDURA has two separate catchments, one including Forest, Robins, Reed and Mullet Creeks (located in Stages 1-4), and the other encompassing Duck Creek (located in Stage 5). The residential areas of West Dapto have been designed to be above the 1% Annual Exceedance Probability (AEP) flood level.<sup>34</sup>

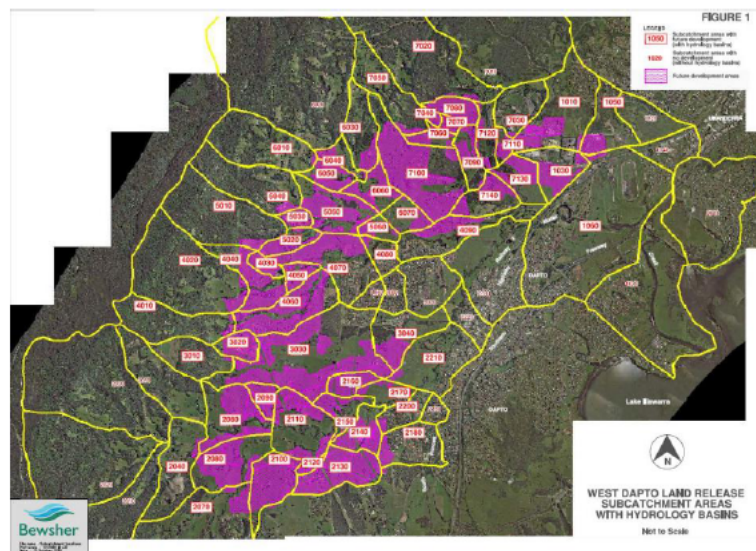
Stormwater management works proposed for the WDURA comprise:

- ▼ 54 detention basins (including wetland areas and GPTs)
- ▼ Five enhanced storage areas
- ▼ Trunk drainage.<sup>35</sup>

The detention basins in the plan are located in Stages 1-4, and the plan does not include any detention basins for Stage 5. The council intends to require developers to deliver detention basins in Stage 5 as a condition of development consent, and so these costs are not included in the plan.<sup>36</sup> There is one enhanced storage area associated with each of the five creeks, and trunk drainage is expected to service both catchments.

Figure 5.1 and Figure 5.2 show the location of detention basins and enhanced storage areas. The exact location of trunk drainage is not yet known and will be determined through detailed planning and development application processes.

**Figure 5.1 Location of sub-catchment areas identified for detention basins**



Source: West Dapto CP (2020), p 50.

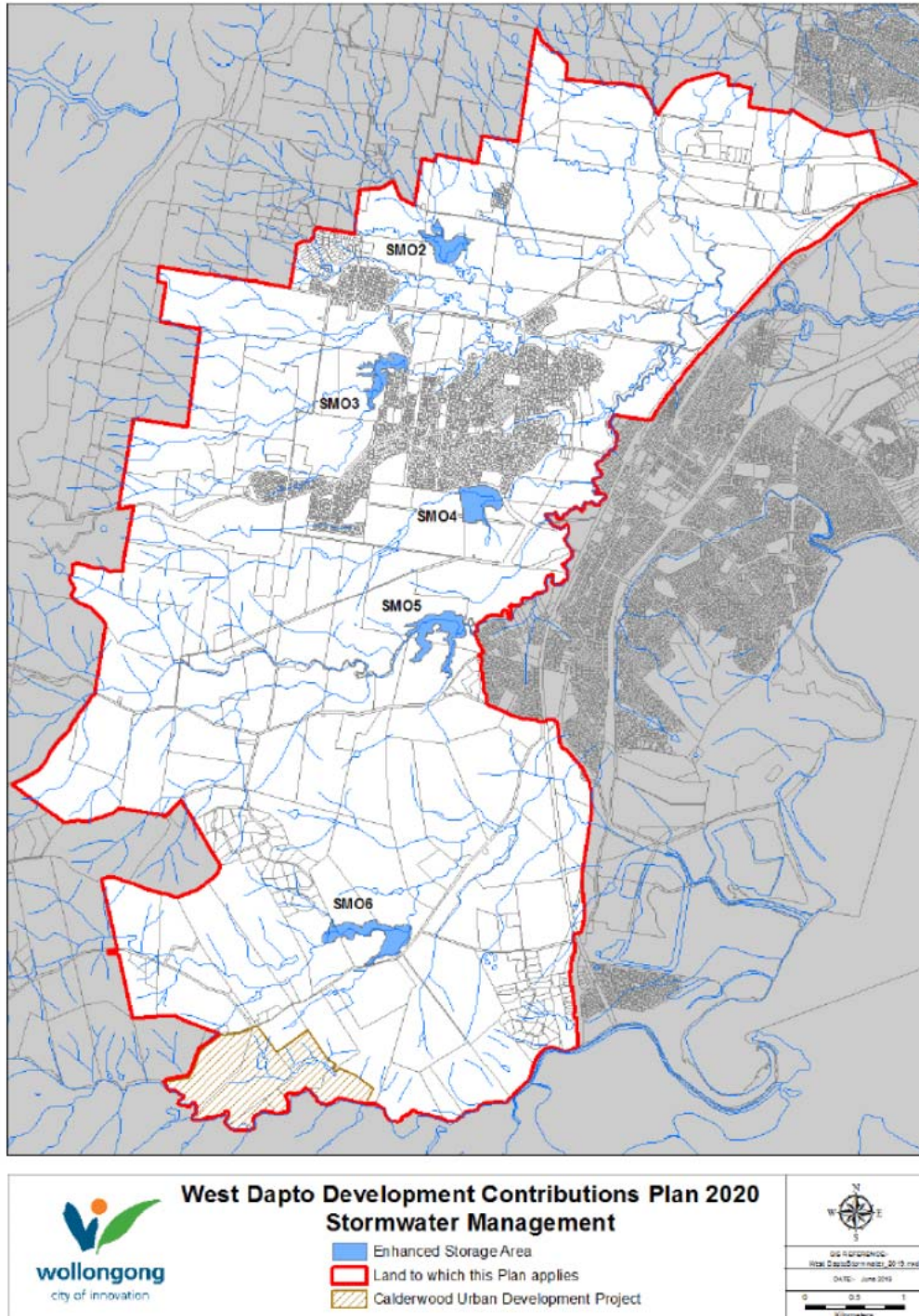
<sup>34</sup> Wollongong City Council, *Wollongong Development Control Plan 2009, Chapter D16 – West Dapto Urban Release Area*, updated December 2018, p 41.

<sup>35</sup> West Dapto CP (2020), p 49.

<sup>36</sup> Information from Wollongong City Council, 1 November 2019.



**Figure 5.2 Location of enhanced storage areas**



Source: West Dapto CP (2020).

Table 5.2 shows the cost of stormwater land and works in the plan.

**Table 5.2 Stormwater land and works items in the West Dapto CP (2020) (\$Dec2018)**

Item	Land	Works
54 detention basins (including wetland areas and gross pollutant traps)	17,444,986	41,789,406
5 enhanced storage areas	11,857,500	24,585,129
Trunk drainage	-	26,585,129
<b>Total</b>	<b>29,302,486</b>	<b>93,111,281</b>

Source: West Dapto CP (2020).

## 5.2 Criterion 1: Essential works

The items of stormwater infrastructure in the West Dapto CP (2020) are set out in Table 5.3. All land and works for stormwater in West Dapto CP (2020) are consistent with the essential works list in the Practice Note.<sup>37</sup>

**Table 5.3 Stormwater management works items in the West Dapto CP (2020)**

Items on the essential works list	
▼ Detention basis (including wetland areas)	▼ Enhanced storage areas
▼ Gross pollutant traps (GPTs)	▼ Trunk drainage

## 5.3 Criterion 2: Nexus

The technical studies relied upon by the council to establish nexus for stormwater infrastructure are unchanged from those used in the West Dapto CP (2016). The key documents, such as URS (2004) and Bewsher (2008 and 2009) precede the 2010 version of the contributions plan. These studies are listed in Table 5.4.

<sup>37</sup> Department of Planning and Environment, *Local Infrastructure Contributions Practice Note*, January 2019.

**Table 5.4 Technical studies for stormwater works in the West Dapto CP (2020)**

Author	Title	Date
URS	<i>West Dapto Release Area Local Environment Study, Water Cycle Management Study</i>	December 2004
Bewsher Consulting Pty Ltd	<i>West Dapto Review – Flooding and stormwater strategy</i>	November 2008
Molino Stewart	<i>Flood Event Access Strategy for West Dapto</i>	December 2008
Bewsher Consulting Pty Ltd	<i>West Dapto Development Area Mullet Creek Flood Modelling</i>	December 2009
BMT WBM Pty Ltd	<i>Mullet &amp; Brooks Creeks Flood Study</i>	February 2010
Bewsher Consulting Pty Ltd	<i>Mullet &amp; Brooks Creeks Floodplain Risk Management Study &amp; Plan</i>	February 2010
Bewsher Consulting Pty Ltd	<i>Mullet Creek, West Dapto Extension of flood model, Hydrologic and hydraulic modelling report</i>	December 2011
BMT WBM Pty Ltd	<i>Duck Creek Flood Study</i>	February 2012

**Note** The technical studies were commissioned by Wollongong City Council and the Growth Centres Commission.

**Source:** Wollongong City Council, Application to IPART, August 2019, p 7.

Since our last assessment, the council has commissioned a flood model update and flood mapping compendium (both completed in April 2018) and a Duck Creek Flood Study (completed in 2019), which improve the accuracy and reliability of information on flood levels and flood behaviour data in the Duck Creek catchment. The council has advised that the additional work does not suggest any changes to the proposed stormwater management infrastructure in the West Dapto CP (2020).<sup>38</sup>

The council expects its revised flood risk management strategy for the WDURA will be complete in 2021.<sup>39</sup> It is likely that will inform the scope of stormwater management infrastructure in the council's next comprehensive review of the plan.

There are no changes to the number of stormwater works items in the West Dapto CP (2020) except where the council has addressed the recommendations from our assessment of the West Dapto CP (2016). We consider our 2016 assessment findings are still relevant and that there is nexus for the stormwater management land and works that remain in the West Dapto CP (2020).

During our assessment we asked the council to review the actual expenditure that had been incurred for projects in the WDURA. As part of this exercise the council identified that land and works for stormwater infrastructure (detention basins, including wetlands and GPTs) in four sub-catchments (2130, 3030, 4070 and 7100) had been unintentionally omitted from the plan.<sup>40</sup> We consider that the 2009 Bewsher Consulting study establishes nexus for these items and that stormwater management works in the WDURA would be inadequate without them. We have found that the land and works costs associated with the omitted stormwater infrastructure should be included in the West Dapto CP (2020).

<sup>38</sup> Information from Wollongong City Council, 2 October 2019.

<sup>39</sup> Information from Wollongong City Council, 2 October 2019.

<sup>40</sup> Information from Wollongong City Council, 15 January 2020. However, we note that in 2016 the council provided contrasting advice that these same works items had been duplicated in the West Dapto CP (2016) and should be removed (Information from Wollongong City Council, 22 July 2016).



Further, we note that in 2016 the council provided advice that these same works items had been duplicated in the West Dapto CP (2016) and should be removed.<sup>41</sup> The council did not include these works items and associated land in the publicly exhibited version of the West Dapto CP (2020). We welcome stakeholder views on their inclusion.

#### Draft recommendations

- 7 For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021.
- 8 Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,816,346.

### 5.4 Criterion 3: Reasonable cost (works only)

The total cost of stormwater management works in the West Dapto CP (2020) is \$93.11 million. The council notes that existing development in the WDURA provides site-specific stormwater solutions, but that these solutions do not have the capacity to meet the demand from increased impervious surfaces as part of the proposed new development.<sup>42</sup> Some temporary stormwater works have also been constructed as part of development since 2010, but do not contribute to strategic demand and the council has not estimated contribution offsets for these works.<sup>43</sup>

The council intends to invest in a new, comprehensive water cycle management system to cater for the increase in impervious surfaces that will occur as part of development in the WDURA. The infrastructure in the West Dapto CP (2020) will help to minimise the impact of development on the water cycle, reducing the impact of flooding and managing water quality.<sup>44</sup>

We found that:

- ▼ The base costs for detention basins, enhanced storage areas and trunk drainage works are based on the same technical studies and consultant advice used to inform the cost estimates in the West Dapto CP (2016), which we consider is reasonable.
- ▼ The application of IPART's benchmark contingency allowance to the base costs for detention basins is not reasonable in this context.
- ▼ The use of costs from IPART's Benchmark Report<sup>45</sup> and contingency allowances for GPTs is reasonable.
- ▼ The costs for GPTs are reasonable, except for where the council has obtained updated costs based on temporary works or supplier estimates.

We consider that the stormwater management works costs in the plan are reasonable, with the exception of the application of contingency allowances for some items. We consider the use of IPART's benchmark contingency allowance for stormwater works items is generally

<sup>41</sup> Information from Wollongong City Council, 22 July 2016.

<sup>42</sup> West Dapto CP (2020), p 47.

<sup>43</sup> Information from Wollongong City Council, 2 October 2019.

<sup>44</sup> West Dapto CP (2020), p 47.

<sup>45</sup> IPART's Benchmark Report, April 2014.

reasonable at this stage of the plan. However, where updated site-specific estimates and contingencies are available, or where we have previously assessed a lower contingency rate to be reasonable and no information has been provided to suggest risks have changed, we have recommended other rates be used. Given most estimates are based on benchmarks or advice provided over five years ago, we note that the accuracy of costs in the plan could be improved through updated advice.

#### Draft recommendations

- 9 Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497.
- 10 Amend the cost of two gross pollutant traps based on the council's estimates and a 30% contingency, increasing costs in the plan by \$1,038,223, comprising:
  - An increase of \$871,251 for the GPT in sub-catchment 5050
  - An increase of \$166,972 for the GPT in sub-catchment 6070.
- 11 Amend the cost of three gross pollutant traps based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising:
  - A decrease of \$105,472 for the GPT in sub-catchment 6010
  - An increase of \$87,528 for the GPT in sub-catchment 7140
  - An increase of \$155,278 for the GPT in sub-catchment 4060.
- 12 In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works.

#### 5.4.1 The cost of basins, enhanced storage areas and trunk drainage in the plan is mostly reasonable

There are no completed basins, enhanced storage areas and trunk drainage from which to obtain actual costs. The approach to estimating costs for detention basins (including wetland areas), enhanced storage areas and trunk drainage are unchanged from the West Dapto CP (2016) other than:

- ▼ Indexation of the estimates to the base period of the plan (all items)
- ▼ An increase in the contingency allowance for detention basins (including wetland areas) from 25% to 30% of the base cost.

In the absence of updated information, we consider our 2016 assessment findings are still relevant, and the approach to estimating costs of these stormwater management items is reasonable except for the council's application of a 30% contingency allowance.



The council applied a 25% contingency allowance in the West Dapto CP (2016) for detention basins (including wetland areas), which we found to be high but reasonable. While a 30% contingency allowance for detention basins is consistent with IPART's benchmark for stormwater at the Strategic Review stage,<sup>46</sup> the council has not provided any evidence of increased risks. We consider that our 2016 assessment findings are still relevant and a 25% contingency allowance is reasonable.

#### 5.4.2 Cost estimates for GPTs are mostly reasonable

There are no completed GPTs from which to obtain actual costs. To estimate GPT costs in the West Dapto CP (2020), the council has indexed the IPART 2014 benchmark cost of \$118,560 for a proprietary GPT system with design flow of 370L/s,<sup>47</sup> included the benchmark 30% contingency allowance, and used this as its estimate of the per unit cost of GPTs in the WDURA, at a rate of one GPT per sub-catchment.

The council conducted a review of temporary GPTs installed in some sub-catchments in Stages 1-2, which found that up to seven GPTs have been installed in some sub-catchments (see Figure 5.3), with capacity to treat flows of up to 470L/s. The council has used this alongside IPART benchmark costs to estimate the cost of GPTs in these sub-catchments,<sup>48</sup> but has not incorporated these estimates into the plan.

Although the council's review identified sub-catchments with more than one GPT, the council has not increased the number of GPTs per sub-catchment in the West Dapto CP (2020). It notes that the number of GPTs in the plan may therefore be underestimated.<sup>49</sup>

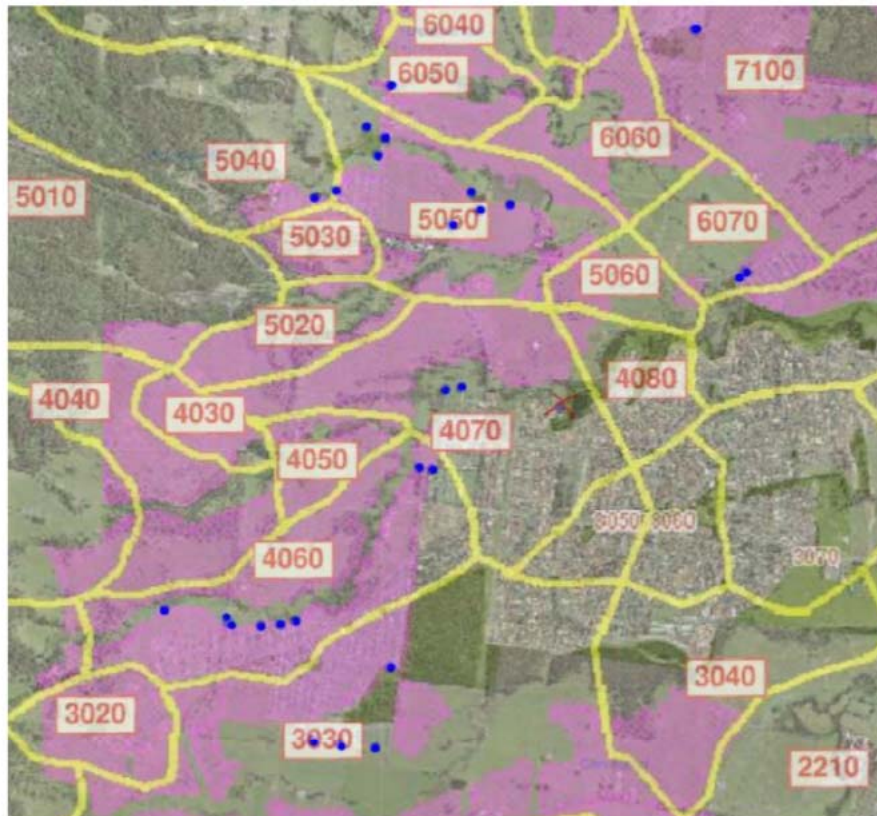
<sup>46</sup> IPART's Benchmark Report, April 2014, p 51.

<sup>47</sup> IPART's Benchmark Report, April 2014, Local Infrastructure Benchmark Datasheets Item 2.1.4.

<sup>48</sup> Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

<sup>49</sup> Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

**Figure 5.3 Location of existing GPTs in sub-catchment areas**



**Source:** Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

The council also received supplier quotations on GPT costs in three sub-catchments. The quotations are based on a number of assumptions, including the average smallest, midsize and largest sub-catchments, with the council noting this could enable a potential cost comparison across the total catchment.<sup>50</sup>

We consider that the council should use the site-specific cost estimates from its review of GPTs in Stages 1-2 for two sub-catchments (5050 and 6070), and supplier estimates of works costs and contingencies for three sub-catchments (6010, 7140 and 4060). We consider the use of the IPART benchmark costs for GPTs in the remaining 49 sub-catchments is reasonable because no additional information is available.

In the next version of the plan, the council should use updated estimates where appropriate to provide a more accurate basis for estimating the cost of remaining GPT works across the catchment.

<sup>50</sup> Wollongong City Council, *Information Request 1 – West Dapto CP 2020 additional information in response to question 14 with 2 of 4 attachments*, 29 October 2019.

#### 5.4.3 Additional costs for works in four sub-catchments are mostly reasonable

As noted in section 5.3, stormwater management works in four sub-catchments were omitted from the plan. The council's approach to estimating the cost of the detention basins, wetland areas and GPTs is consistent with its approach for costing these works items in the other sub-catchments in the plan, which we have found is mostly reasonable.

We note that the council's proposed works costs for the four sub-catchments are higher than the average already in the plan, particularly for works in sub-catchments 3030 and 7100. The council has noted that the works costs are directly proportional to the development area within the sub-catchment, which impacts basin volume and the cost of works.<sup>51</sup>

For detention basins including wetland areas, estimates of cost are based on site-specific cost estimates in technical studies. We consider this approach to estimating costs is reasonable except for the use of a 30% contingency allowance. Consistent with our analysis in section 5.4.1, we consider that a 25% contingency should be applied.

Costs for GPTs in the four sub-catchments are estimated based on the relevant IPART benchmark cost and contingency allowance. We consider this is reasonable, except where there are more appropriate estimates. The council's review of temporary GPTs provides estimates for sub-catchments 3030 and 7100,<sup>52</sup> and we consider this site-specific information should be used instead of the benchmark rate.

The inclusion of detention basins (including wetland areas and GPTs) in the four sub-catchments increases the costs in the plan by \$12.82 million. The works items were not included in publicly exhibited version of the West Dapto CP (2020), and we welcome stakeholder views on the proposed works costs.

### 5.5 Criterion 5: Apportionment

In assessing whether the council's apportionment of stormwater management costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development (considered as a cross-category issue in Chapter 10).

The council apportions all stormwater management costs in the West Dapto CP (2020) to new development in the WDURA.<sup>53</sup> The council does not apportion stormwater costs to development in Calderwood that is within the WDURA because the stormwater works in Stage 5 are designed to meet the needs of the WDURA rather than development in Calderwood. We also note that contributions from Calderwood are separately collected under

<sup>51</sup> Information from the council, 15 January 2020.

<sup>52</sup> Wollongong City Council, *Information Request 1 – GPTs*, 29 October 2019.

<sup>53</sup> Existing development in Horsley is excluded from NDA, but contributions are expected to be levied for new development in Horsley.



a Planning Agreement, and so do not need to be levied as part of the West Dapto CP (2020). We consider this is reasonable.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. We consider this approach is not reasonable for apportioning stormwater management costs.

Our assessment of the council's apportionment of stormwater management costs across stages is discussed in section 10.3 as a cross category issue.

#### Draft recommendation

- 13 Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA).

#### 5.5.1 The approach to apportioning stormwater management costs between residential and non-residential development is not reasonable

The council apportions total stormwater management costs between residential, industrial and commercial development on an adjusted NDA basis. The area for industrial and commercial development is adjusted "to recognise the varying levels of land intensification and demand on infrastructure".<sup>54</sup>

The council applies a rate of 100% for residential, 75% for commercial, and 15% for industrial development.<sup>55</sup> The implication of this approach is that residential development, which represents 89.7% of total land area, bears 97.6% of stormwater costs, while commercial and industrial land uses are apportioned a smaller share of costs relative to their share of land area. Table 5.5 shows the impact of the adjustment factors on stormwater costs apportioned to different types of development.

<sup>54</sup> West Dapto CP (2020), p 17.

<sup>55</sup> West Dapto CP (2020), p 17.

**Table 5.5 Apportionment of stormwater costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	90,857,988 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	865,935 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	1,387,358 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>93,111,281</b>

**Source:** West Dapto CP (2020) p17, IPART analysis

Once costs are apportioned to each land use type, they are then apportioned within each land use type. Stormwater management costs are apportioned across new residential development on a per person basis, and to commercial and industrial development on a per hectare basis.

We note that impervious surface area is the driver of the demand (or need) for stormwater infrastructure, and that non-residential infrastructure is likely to result in more, rather than less, impervious surface area than residential development. Hence, we consider total NDA is a more appropriate measure for apportioning costs than the adjustment factors proposed by the council.



## 6 Open space

The total cost of open space in the West Dapto CP (2020) is \$74.10 million (7.6% of total costs), comprising:

- ▼ \$38.52 million for land (36.4% of the total cost of *land*),
- ▼ \$35.58 million for works (4.2% of the total cost of *works*).

Our assessment is that:

- ▼ **Essential works** – All open space land and works are consistent with the essential works criterion.
- ▼ **Nexus** – There is nexus for the land and works in the plan and development in the WDURA. However, the open space provision is low and the location, size and type of embellishments are indicative only.
- ▼ **Reasonable cost** – To date, we have found the cost of open space work is reasonable but low compared with other plans. Further, we find the additional study costs for open space items should be covered by the provision for plan administration costs. These costs should not be included with cost estimates for specific parks.
- ▼ **Apportionment** – The apportionment of open space costs in the plan is reasonable. The council apportions open space costs in the West Dapto CP (2020) on a per person basis to new residential development in the WDURA. We also consider the council's proposal, made since it submitted the plan to IPART for assessment, to apportion 100% of the cost of the outdoor sports facilities at the Community Recreation and Leisure Centre in Cleveland (Stage 3) to the plan is reasonable.

We recommend the council:

- ▼ For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and that there are sufficient facilities for development in the area.
- ▼ Update the cost estimates for parks based on actual costs or cost estimates for similar parks at the next review of the plan.
- ▼ Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the costs in the plan by \$30,000.
- ▼ Apportion 100% of the cost of the Cleveland sports facility to the plan, which increases costs in the plan by \$1,324,791.

Our assessment of land for open space against **Criterion 3 (Reasonable cost)** is in Chapter 9.

Based on our findings, we recommend adjustments to the plan that would increase the cost of open space land and works by \$1,294,791 (1.7%). Our draft findings and recommended adjustments are summarised in Table 6.1. This table also includes our findings and recommended adjustments on land costs. Our assessment of land costs is presented in Chapter 9.

**Table 6.1 IPART-recommended adjustments for open space (\$Dec2018)**

Criterion	Draft finding	Draft recommendation	Land	Works
<b>Total cost in plan</b>			<b>38,517,247</b>	<b>35,584,116</b>
<b>Essential works</b>	All land and works in the plan are consistent with the essential works list.			
<b>Nexus</b>	Nexus is established for all land and works in the plan but open space provision is low	Increase open space provision at next review		
<b>Reasonable cost - Land</b>	The cost of land is reasonable except:			
	Cost estimates, instead of the market value at the time of rezoning, are used for council-owned operational land for some open space	Revise cost of land for OS07 and council-owned part of OS01 based on market value at rezoning, indexed to base period	2,314,598	
<b>Reasonable cost - Works</b>	Costs are reasonable except the costs appear to be low, and	Update embellishment costs at next review		
	The cost of additional studies should fall within the scope of plan administration costs.	Remove the cost of the consultant study for the city-wide sports park in Darkes Town Centre		-30,000
<b>Apportionment</b>	Approach is reasonable. It is also reasonable to apportion the Cleveland sports facility to the plan	Apportion 100% of the Cleveland facility to the plan instead of 50%		1,324,791
<b>Total IPART-recommended cost adjustment</b>			<b>2,314,598</b>	<b>1,294,791</b>
<b>Total IPART-assessed reasonable cost</b>			<b>40,831,845</b>	<b>36,878,907</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis

## 6.1 Overview of open space in the West Dapto CP 2020

The West Dapto CP (2020) includes 77.53 hectares of open space, comprising two city-wide sports parks, seven neighbourhood parks and 16 local parks. These are located across all stages of the WDURA. Another 50.35 hectares of existing open space in Horsley is available to residents of the release area.<sup>56</sup>

The council expects the district-wide facilities proposed in the plan will serve the whole release area and the local/neighbourhood parks will serve the recreational needs of the respective stages they are located within.

The council has not yet determined the exact location and size of many local and neighbourhood parks. To estimate the size of parks, the council uses a typical size for a local and neighbourhood park recommended in a 2007 technical study.<sup>57</sup> To estimate the costs for these parks, the council uses its own estimates derived in 2010, which it has reviewed against recent plan costs.

<sup>56</sup> Information from Wollongong City Council, 30 October 2019.

<sup>57</sup> Elton Consulting, *Social, Cultural and Recreation Needs Study*, July 2007.

Table 6.2 outlines the types of parks and associated costs in the West Dapto CP (2020).

**Table 6.2 Open space costs in the West Dapto CP (2020) (\$Dec2018)**

Item	Area (ha) <sup>a</sup>	Land <sup>b</sup>	Works <sup>b</sup>
<b>Stages 1-2</b>			
1 city-wide sports park (Darkes Town Centre)	9.40 (50% of costs apportioned to plan, sharing with a school)	874,200	2,677,096
3 neighbourhood parks	11.00	7,650,000	7,902,050
8 local parks (including 10.23ha for Ridge Park)	24.63	13,218,047	7,968,393
<b>Stage 3</b>			
1 city-wide sports facility (within Cleveland community facility)	2.00 (50% of costs apportioned to plan)	-	1,324,791
1 neighbourhood park	4.00	2,200,000	1,920,124
4 local parks	6.50	3,575,000	3,600,233
<b>Stage 4</b>			
2 neighbourhood parks	8.00	4,400,000	3,840,248
2 local parks	4.00	2,200,000	2,215,528
<b>Stage 5</b>			
1 neighbourhood park	4.00	2,200,000	1,920,124
2 local parks	4.00	2,200,000	2,215,528
<b>Total</b>	<b>77.53</b>	<b>38,517,247</b>	<b>35,584,116</b>

<sup>a</sup> Land area is the total land area before apportionment. The council has not included 2.0 hectares for the city-wide sports facility in Stage 3-Cleveland in its land area calculations because the land is already owned by the council.

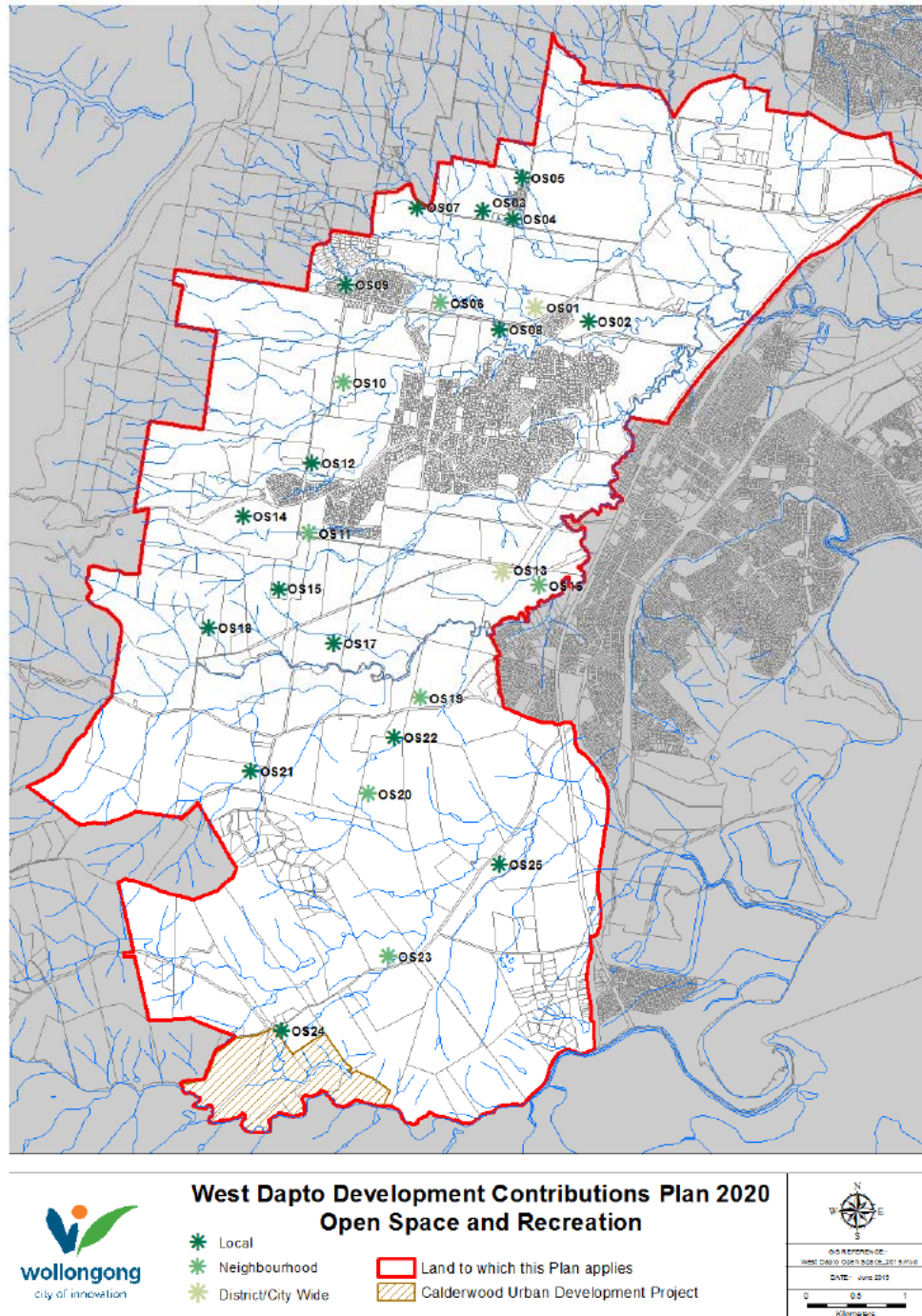
<sup>b</sup> Land and works costs represent costs apportioned to the plan.

**Source:** West Dapto CP (2020) Works Schedule.

Figure 6.1 shows the location, or indicative location of open space facilities in the plan.



**Figure 6.1 Location of open space land and works in the West Dapto CP (2020)**



Source: West Dapto CP (2020) p 25.

## 6.2 Criterion 1: Essential works

We found that all land and works for open space in the plan are consistent with the essential works list. Some open space land has zonings other than RE1 – Public Recreation. The proposed embellishments are indicative only as the council does not have any detailed designs for parks.

### 6.2.1 All open space land in the plan meets the essential works criterion although some land is not zoned for public recreation

Most parks in the plan are either zoned or intended to be zoned RE1- Public Recreation. We consider the land for these parks is consistent with the essential works list. The plan also includes land for parks with zonings other than RE1; the council has indicated that it does not intend to rezone environmental land to RE1 – Public Recreation<sup>58</sup>:

- ▼ Ridge Park – a 10.23 hectare local park that is zoned E2 – Environmental Conservation
- ▼ One local park of 1.79 hectares zoned E3 – Environmental Management
- ▼ Three local parks and one neighbourhood park zoned R2 (10.0 hectares in total) – Low Density Residential.

Although these parks are not zoned RE1, we consider their inclusion in the West Dapto CP (2020) is consistent with the essential works criterion because:

- ▼ The council intends to provide accessible open space on the land
- ▼ The current zonings allow for ‘recreation’ as a permitted use
- ▼ The council has indicated that it will own the land as community land for open space.<sup>59</sup>

### 6.2.2 The types of embellishment proposed are consistent with essential works

The council does not have any detailed designs for parks and therefore the embellishments are indicative only. We consider the items provide base level embellishments and therefore meet the essential works criterion. The works items are set out in Table 6.3.

<sup>58</sup> Information from Wollongong City Council, 6 November 2019.

<sup>59</sup> Classification as community land reflects the importance of the land to the community because of its use or special features. Generally, it is land intended for public access and use, or whether other restrictions applying to the land create some obligation to maintain public access. Community Land cannot be sold, leased or licensed for more than 21 years and must have plans of management prepared for it. (Department of Local Government, Practice Note1: Public Land Management)



**Table 6.3 Open space embellishment items expected to be delivered in West Dapto**

**Items consistent with the essential works list**

**Local parks**

Site regrading, seating, paths, utilities servicing, bubblers, bike rack, timber barriers, maintenance access gates, turfing and playground.

**Neighbourhood parks**

Site regrading, seating, park furniture, picnic shelters, bin enclosure, paths, connection to utilities, equal access bubbler, bike rack, timber barriers, maintenance access gates, basketball half-court or similar, turfing and playground.

**Town centre park (neighbourhood park adjacent to Bong Bong Town Centre)**

Turfing, seating, picnic shelters, landscaping, pathways, at-grade car parking, tree planting, playground, irrigation and drainage management, security lighting, basketball half-court or similar, toilets, outdoor exercise equipment.

**Ridge Park**

Site regrading, utilities servicing, pedestrian path network, local playground, regeneration planting, entry feature wall, seating, fencing/bollard, signage, sandstone wall to deal with slope and drainage management.

**City-wide sports park (Darkes Town Centre)**

Site regrading, utilities servicing, two sporting fields catering for competition and training, cricket training facilities, amenities buildings, floodlighting, playground, at-grade car parking, outdoor exercise equipment, internal path network, tree planting, signage, public toilets, drainage and irrigation.

**Sports facilities within community and recreation centre (Cleveland Sports Facility)**

Eight tennis courts, four hotshot courts, 12 netball courts, flood lighting, at grade car parking and public toilets.

**Source:** Information from Wollongong City Council, 30 October 2019, West Dapto CP (2020) Works Schedule.

We have considered whether the regeneration planting and entry feature wall proposed for Ridge Park are consistent with the essential works list. In our assessment of Hawkesbury City Council's Vineyard Contributions Plan, we found that regeneration planting was essential works to 'bring the open space up to a level where the site is secure and suitable for passive or active recreation'<sup>60,61</sup>. Based on the same principle, we consider regeneration planting within Ridge Park meets the essential works criterion.

In our view, a feature wall would not generally be categorised as base level embellishment. However, given the relatively low cost of embellishing Ridge Park (\$12.27 per square metre), we consider the inclusion of its costs are reasonable at this stage. As detailed designs are developed for the park and full embellishment costs become clear, this may no longer be the case. The council should review the inclusion of the feature wall in the preparation of these detailed designs.

<sup>60</sup> IPART, *Assessment of Vineyard Contributions Plan, Final Report*, November 2019, Chapter 6, p 65.

<sup>61</sup> Definition of base level embellishment (essential works) in Practice Note, January 2019.

### 6.3 Criterion 2: Nexus

In assessing whether there is nexus between open space works in the West Dapto CP (2020) and the development in the WDURA, we considered:

- ▼ The technical study, plan and vision statement which the council relied on to establish nexus for open space works.
- ▼ The findings from IPART's assessment of the West Dapto CP (2016) and the Minister's recommendations.<sup>62</sup>
- ▼ The impact of lower than assumed existing open space in Horsley on the overall provision of open space for the WDURA.

The council used the technical study, plan and vision statement listed in Table 6.4 to support the proposed open space items in the current plan.

**Table 6.4 Technical study and plans for open space works in the West Dapto CP (2020)**

Author	Title	Date
Elton Consulting	Social, Cultural and Recreation Needs Study	July 2007
Department of Planning and Environment	Illawarra-Shoalhaven Regional Plan	November 2015
Wollongong City Council	West Dapto Vision 2018	December 2018

**Note:** The technical study by Elton Consulting was commissioned by Wollongong City Council.

**Source:** Wollongong City Council, Application to IPART, August 2019, p 7.

Our assessment is that:

- ▼ There is nexus for the open space land and works in the plan but the rate of provision is low, particularly in Stages 3, 4 and 5.
- ▼ The location and size of most parks and the embellishments are indicative only and do not provide sufficient certainty considering the planned timelines for delivery.

#### Draft recommendation

- 14 For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and ensure that the plan includes:
  - Sufficient accessible recreation opportunities for all residents.
  - Sufficient formal recreation facilities (sports grounds) for the release area.

#### 6.3.1 The level of open space provision for the WDURA is lower than we assumed in our 2016 assessment

Our assessment of the open space land and works in the West Dapto CP (2016) was based on the recommendations made by Elton Consulting in its Social, Cultural and Recreation Needs Study (Elton Study) in July 2007 and the information in the 2016 plan. The Elton Study

<sup>62</sup> Minister for Planning, letter to Wollongong City Council, 21 September 2017. The Minister recommended that the council address some of recommendations before applying for LIGS funding and rest as part of the next review of the plan.

recommended the council provide 68.0 hectares of new open space facilities within the WDURA in addition to the existing open space provisions in the Horsley Area. The 2016 plan stated there was 176.20 hectares of open space in Horsley and the wider West Dapto area. Based on this information, we assessed that there was an oversupply of open space facilities and recommended that the council remove a total of 15.56 hectares of open space and associated embellishment from the plan.

The council partially addressed our recommendation in the West Dapto CP (2020).<sup>63</sup> It also made changes to the location and mix of local/neighbourhood parks. In doing so, it had regard to the West Dapto Vision 2018, which identifies principles of functionality, accessibility, connectivity, value and amenity that should be considered in providing open space.<sup>64</sup>

The council advised that it continues to refine the open space provisions to meet the principles identified in its Vision 2018 document. The contribution plan states, “the exact quantum, location and design of open space will be subject to detailed planning and design through the Planning Proposal, Neighbourhood Plan and Development Application processes.”<sup>65</sup>

To inform our current assessment of the open space land and works in the West Dapto CP (2020), we sought further information from the council on population estimates, the open space provisions included in the plan and the existing facilities. We looked in more detail at the composition of open space in the WDURA and the distribution of open space across all stages. Based on information provided by the council we found that, of the 176.20 hectares of existing open space in Horsley, only 70.20 hectares provide formal open space and recreation facilities. Of the 70.20 hectares of formal open space and recreation facilities, 50.35 hectares are excess to the needs of Horsley residents and therefore available to residents in the WDURA. The remaining 106.20 hectares of existing open space facilities are natural areas that do not provide accessible open space. As a result, the open space available to the West Dapto community is lower than we assumed in our previous assessment.

### 6.3.2 The overall provision of open space for West Dapto residents is low

Table 6.5 shows the total amount of open space available to residents of the WDURA based on location, including the 50.35 hectares of excess existing open space in Horsley. The overall provision is 2.23 hectares per 1,000 persons, which is below the commonly referred to benchmark of 2.83 hectares per 1,000 people.

<sup>63</sup> The council removed a sports park and a playground (9.56 hectares \$2.41 million), IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016 p 7.

<sup>64</sup> Wollongong City Council, *West Dapto Vision Document*, December 2018. Note: The West Dapto Vision 2018 does not specify the level of open space provision (total area or the mix of parks) for the release area.

<sup>65</sup> West Dapto 2020 CP, p 22.



**Table 6.5 Location of open space in the WDURA – hectares**

	Stages 1-2	Stages 3	Stages 4	Stages 5	Total
Existing open space <sup>a</sup> (excluding natural areas)	50.35	-	-	-	50.35
Open space in the plan – local and neighbourhood parks	35.63	10.50	12.00	8.00	66.13
City-wide sports park – Darkes Town Centre	9.40	-	-	-	9.40
City-wide sport facility – Cleveland (outdoor courts)	-	2.00	-	-	2.00
<b>Total open space</b>	<b>95.38</b>	<b>12.50</b>	<b>12.00</b>	<b>8.00</b>	<b>127.88</b>
<b>Total open space hectares per 1000 people</b>					<b>2.23</b>

<sup>a</sup> The existing facilities in Horsley are within the geographical area of Stages 1-2. Of the 70.2 hectares, the council estimates 19.9 hectares will serve the existing population in Horsley, leaving 50.35 hectares for the WDURA

**Source:** West Dapto CP (2020) Works Schedule, Information from the council, 31 October 2019, IPART analysis.

The location of existing open space in Horsley makes it accessible for some areas within Stages 1-2 and 3 of the WDURA, which are geographically closest. However, the provision of open space that is accessible for residents in Stages 3, 4 and 5 appears low.

### 6.3.3 The proposed sports facilities are not sufficient to meet the demand of the WDURA

The West Dapto CP (2020) includes two sports facilities for the estimated population of the WDURA (57,433 people). Some of these facilities will be shared with development outside the WDURA. Additionally, the community has access to the Reed Park sporting facility in Horsley. Reed Park is the only active open space facility providing structured sports for the Horsley area. As a result, it has a limited capacity to serve the future expected population in the WDURA. The overall provision of sporting facilities available for the WDURA is 0.24 hectares per 1,000 persons, compared with the NSW Government Architect's (GANSW) benchmark of 1.20 hectares of active open space per 1,000 people.<sup>66</sup>

In our 2016 assessment we recommended the council remove a sporting facility, based on the 2007 Elton Study that proposed only an eight hectare park for the whole WDURA and because the council had made provision for three facilities. However, based on further analysis of the provision of passive and active recreation spaces, we now consider the current provisions may not be sufficient to serve the residents of the WDURA.

The sporting facilities available for the West Dapto community are listed in Table 6.6.

<sup>66</sup> Government Architect NSW, Open Space for Recreation Guide, 2018, p 52.

**Table 6.6 Sporting facilities available for the WDURA**

Facility	Sporting facilities available	Our previous recommendation and council's position
City-wide sports park – Darkes Town Centre Located within Stages 1-2 (50% apportioned to plan, sports centre shared with a school) (9.4ha)	Two fields catering for competition and training for senior and junior cricket and AFL.	We recommended 25.0% be apportioned to the plan. The council considers 50.0% should be apportioned as it is the only formal active open space proposed with AFL and cricket-specific facilities.
Sporting facilities available in community leisure and recreation centre in Cleveland, Stage 3 (2ha)	12 netball courts, 8 tennis courts	We recommended 50.0% be apportioned to the plan instead of 67.5%. The council has asked IPART to consider apportioning 100% to West Dapto because demand arises solely from the WDURA.
Reed Park – Existing facility in Horsley (10.54ha)	4 cricket fields/ rugby league fields, 3 tennis courts	N/A

**Source:** West Dapto CP (2020) Works Schedule, Information from the council, 30 October 2019.

We note that the neighbourhood parks in the plan include a half basketball court (or similar) for active open space.<sup>67</sup> Nevertheless, we consider the level of open space proposed for formal training/structured sports may be insufficient. We recommend the council review the provision of active open space to ensure it is sufficient to meet the needs of WDURA residents.

#### 6.3.4 The indicative locations and areas for some parks do not provide sufficient certainty

Only eight of the 25 parks in the plan have identified locations. The council has provided indicative locations and land areas for the remainder of the parks. The council advised the remaining open space embellishments are indicative only and subject to refinement, as noted in section 6.2.2.<sup>68</sup>

We consider that the level of detail available for some parks is insufficient, given the council is planning to deliver some parks between 2021 and 2026.<sup>69</sup> The council should progress the planning for these parks to provide more certainty by identifying exact locations, sizes and embellishments.

### 6.4 Criterion 3: Reasonable cost

The council's approach to estimating open space costs is shown in Table 6.7. The council's approach for the current plan is similar to the approach adopted in the West Dapto CP (2016). Except for four parks where the council uses costs from VPA agreements, the council uses its cost estimates from 2010 and indexes them to the plan's revised base period. The council

<sup>67</sup> Information from the council, 30 October 2019.

<sup>68</sup> Information from the council, 30 October 2019.

<sup>69</sup> For example, the council's works schedule indicates a neighbourhood parks (OS06) is to be delivered by 2020/21 period. The size of the park is still an estimate at 4.0 hectares and the works cost estimate for the park is still based on a 2010 council estimate.



explained that it reviewed the estimates against recent council projects and found they are reasonable.<sup>70</sup>

Four of the parks in the plan are subject to VPAs and the council uses the agreed costs in the VPAs for these parks.

**Table 6.7 The council's approach for estimating open space works costs**

Item	Costing approach	Contingency
<b>Parks in VPAs</b>		
▼ Four local parks including playgrounds	Cost agreed in VPA	N/A
<b>All other parks not in VPAs</b>		
▼ Local parks (2 ha) including playground	Council's cost estimates from 2010 indexed to the base period (Dec 2018) by <i>ABS Non-residential building construction New South Wales</i> ; reviewed against recent council projects	20%
▼ Neighbourhood parks (4 ha) including playground		
▼ City-wide sports park – Darkes Town Centre including playground		
▼ Cleveland sports facility (tennis/netball courts)		
▼ Ridge Park		

**Source:** West Dapto CP (2020) Works Schedule.

Based on the available information, we consider that the open space works costs in the plan are reasonable but low compared with the costs in other plans we have assessed. Further, we consider the additional study cost identified in the plan should be covered by the plan administration allowance.

#### Draft recommendations

- 15 For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.
- 16 Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.

#### 6.4.1 The costs in the plan are reasonable but low compared with other plans

The council's cost estimates for a typical local park, neighbourhood park and for some specific parks in the WDURA are listed in Table 6.8 below. These are low compared with the costs we have assessed as reasonable in other plans.

<sup>70</sup> Information from Wollongong City Council, 30 October 2019.

**Table 6.8 Open space works costs (\$Dec2018)**

Item <sup>a</sup>	Cost estimate	Cost/sqm
Local parks (2 ha) including playground	1,107,764	55.39
Neighbourhood parks (4 ha) including playground	1,920,124	48.00
City-wide sports park – Darkes Town Centre including playground	5,354,193 <sup>b</sup>	56.96
Cleveland sports facility (tennis/ netball courts)	1,324,791	132.48
Ridge Park	1,255,466	12.27

<sup>a</sup> For four local parks that are delivered through a VPA, the council has identified the costs in the VPA agreement for the parks. For some local/neighbourhood parks, the council has identified different land area sizes than 2 hectares for local parks and 4 hectares for neighbourhood parks.

<sup>b</sup> The total cost for the Darkes Town Centre Sports Park includes \$30,000 as an additional study cost.

**Source:** West Dapto CP (2020) Works Schedule.

The total cost for open space works in the plan is \$35.58 million, reflecting a cost per person of \$620. The median cost per person for open space works in other plans we have assessed to date is \$2,775. This is the reasonable cost we have assessed for plans excluding West Dapto. The lower per person cost for West Dapto is partly because there is open space available to the West Dapto community (in Horsley) that is not included in the plan. The excess open space in Horsley has been provided through another contributions plan.

We also compared the per square metre cost of different types of parks in the West Dapto CP (2020) with parks in other plans. We found that per square metre costs for West Dapto are low, especially for local and neighbourhood parks. For the next review of the plan, the council should update the cost estimates for open space in the plan, based on more recent cost estimates or the actual per square metre costs of parks delivered within the WDURA and/or similar parks within the LGA.

#### 6.4.2 Plan administration costs cover the costs of planning studies required for open space works

The 2007 Elton Consulting study recommended two \$30,000 planning studies be conducted in relation to open space works, to inform the development of the city-wide sports park in Darkes Town Centre (OS01) and the Cleveland Community Leisure and Recreation Centre (OS13).<sup>71</sup>

The council included the cost for the OS01 planning study in the West Dapto CP (2020), and noted it had unintentionally omitted the study cost for OS13 from the plan.<sup>72</sup>

We consider that the two proposed planning studies should not be included as open space works costs in the West Dapto CP (2020), as they fall within the scope of plan administration costs as defined by the Practice Note and should be covered within these costs.<sup>73</sup>

<sup>71</sup> Elton Consulting, *Social, Cultural and Recreation Needs Study*, July 2007, p 72.

<sup>72</sup> Information from Wollongong City Council, 6 January 2020.

<sup>73</sup> Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2019.

## 6.5 Criterion 5: Apportionment

In assessing apportionment of open space costs in the West Dapto CP (2020), we have taken into account the demand for infrastructure arising from:

- ▼ Existing and new development
- ▼ Development within and outside the release area.

The council apportions open space costs in the West Dapto CP (2020) on a per person basis to new residential development in the WDURA. The council has apportioned 100% of the costs of all facilities in the plan except for two facilities, which it has apportioned 50% to the plan. The two facilities are:

- ▼ City-wide sports park (OS01) (adjacent to Darkes Town Centre)
- ▼ The outdoor component of Community Leisure and Recreation Centre (OS13) (southern side of Cleveland Road, adjacent to Daisy Bank Drive).

The council's approach to apportioning open space costs is broadly the same as the last time we assessed the plan. Although it did not address our apportionment recommendation from our 2016 assessment to apportion only 25% of the Darkes Town Centre sporting facility to the plan, we consider the approach it has taken in the West Dapto CP (2020) is reasonable.

We also found that the council's request to apportion 100% of the cost of the Cleveland outdoor sports facilities to the WDURA is reasonable, given the shortage of sports facilities available to residents of the WDURA.

### Draft recommendation

- 17 Apportion 100% of the cost of the Cleveland outdoor sports facilities (OS13) to development within the WDURA.

### 6.5.1 The council's apportionment approach reflects the need for more open space for West Dapto

In our 2016 assessment we found the council had apportioned a higher percentage of costs to the WDURA for two sports facilities that serve the broader council area than recommended by the Elton study. We recommended the council reduce the cost apportioned to the WDURA, as follows:

- ▼ Apportion 25% of the cost of city-wide Darkes Town Centre sports facility to the plan, instead of 50%.
- ▼ Apportion 50% of the cost of the Cleveland outdoor sports facility to the plan, rather than 67.5%.

The council has not addressed the recommendation on the Darkes Town Centre Sports facility. We asked the council for additional information to support 50% apportionment of the facility. The council indicated that this sports park is the only formal active open space in the WDURA that will provide AFL and cricket facilities. The park will adjoin a school and will be available for use by the school during weekdays. Considering there is growth in AFL participation and

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the demand for the park from the school is only during weekdays, the council argues that it is reasonable to apportion 50.0% of costs to the plan. We accept this position.<sup>74</sup>

The council had addressed our recommendation to apportion only 50% of the outdoor sports facility in Cleveland to the plan. However, during our assessment, the council requested we consider apportioning 100% of the costs of the Cleveland outdoor sports facility to the West Dapto CP (2020). The council states the facility will service the needs of the WDURA residents only.<sup>75</sup> We consider a 100% apportionment is reasonable, given the shortage of sports facilities available for the WDURA.

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<sup>74</sup> Information from Wollongong City Council, 30 October 2019.

<sup>75</sup> Information from Wollongong City Council, 6 November 2019.



## 7 Community services

The West Dapto CP (2020) includes \$1.76 million (0.2% of total costs) to acquire 1.85 hectares of land to accommodate community facilities that will serve the needs of new residents in the WDURA. The plan apportions 100% of the costs to residential development within the WDURA.

Our assessment of the provision for community services in the West Dapto CP (2020) is as follows:

- ▼ **Criterion 1: Essential works** – land for community facilities is consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – there is nexus between the land in the plan and development in the WDURA.
- ▼ **Criterion 5: Apportionment** – it is reasonable to apportion 100% of the cost of land for community facilities to the West Dapto CP (2020).

Our assessment of **Criterion 3 (Reasonable cost)** is in chapter 9. We found that the cost of land for community services is reasonable.

Our draft findings and recommendations for community services are summarised in Table 7.1.

**Table 7.1 IPART-recommended adjustments for community services (\$Dec2018)**

Criterion	Finding	Recommendation	Cost of land
<b>Total cost in plan</b>			<b>1,757,500</b>
<b>Essential works</b>	Land for the community services facility is consistent with the essential works list		
<b>Nexus</b>	Nexus is established for the land for community facilities		
<b>Reasonable cost - Land</b>	The cost of land in the plan is reasonable		
<b>Apportionment</b>	The apportionment of costs is reasonable		
<b>Total IPART-recommended cost adjustment</b>			<b>0</b>
<b>Total IPART-assessed reasonable cost</b>			<b>1,757,500</b>

Source: West Dapto CP (2020) Works Schedule.

### 7.1 Overview of community services in West Dapto CP (2020)

Residential development in the WDURA is expected to result in additional demand for community services. The council is proposing additional community facilities at four sites

and an upgrade to the existing community centre on Wongawilli Road (CF02), which does not require additional land.

Our analysis of the reasonable cost of community services land is presented in Chapter 9. A summary of the costs and location of the centres is presented in Table 7.2. Figure 7.1 shows the location of community services in the West Dapto CP (2020).

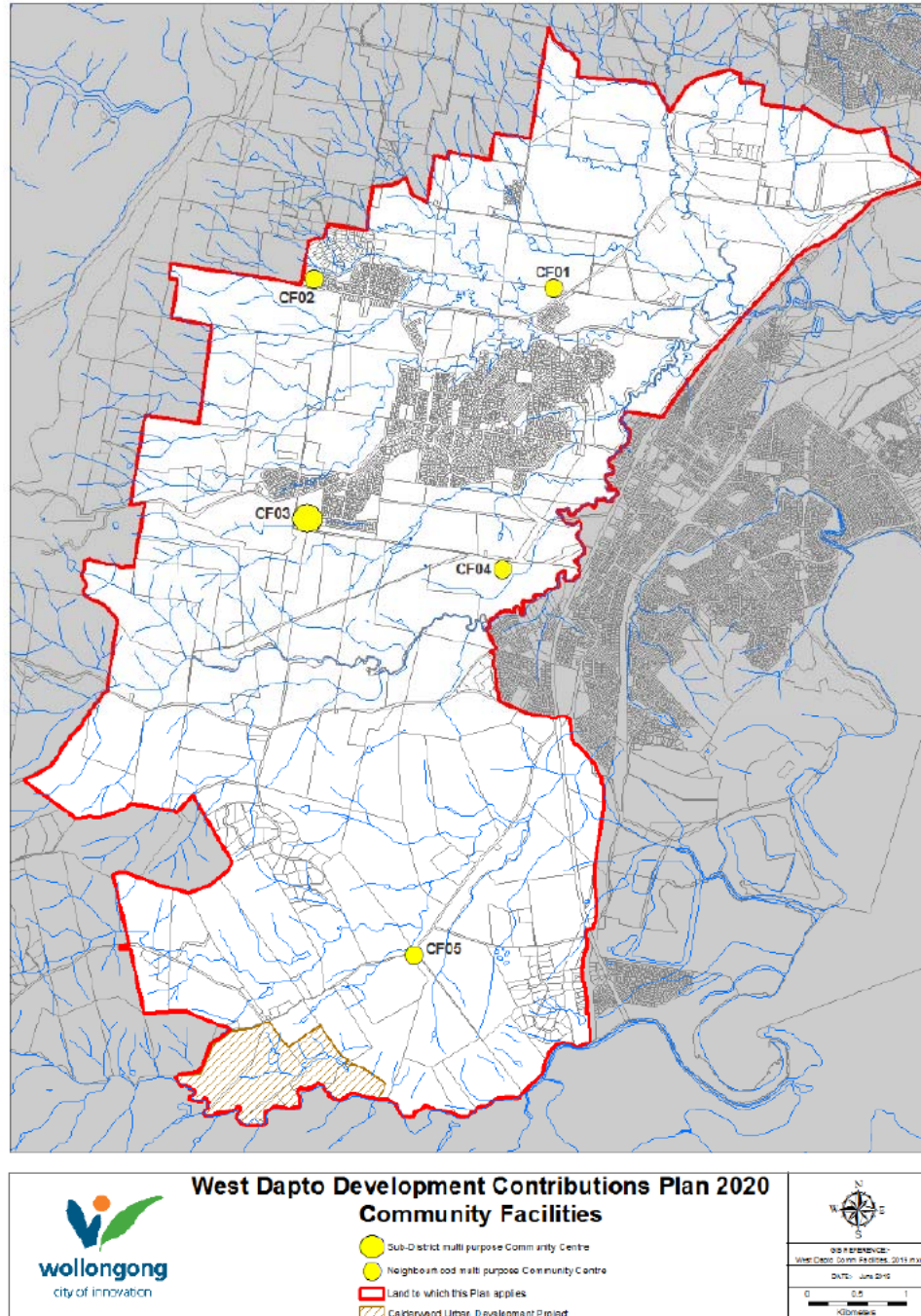
**Table 7.2 Summary of land costs for community facilities in the West Dapto CP (2020) (\$Dec2018)**

Infrastructure Item	Location	Stage	Area (ha)	Total cost (\$)
Multi-purpose community centre	Darkes Town Centre (CF01)	1-2	0.35	332,500
Community centre	Bong Bong Town Centre (CF03)	1-2	1.00	950,000
Multi-purpose community centre	Co-located with Community Leisure & Recreation Centre (CF04)	3	0.15	142,500
Multi-purpose community centre	Marshall Mount Town Centre (CF05)	5	0.35	332,500
<b>Total</b>			<b>1.85</b>	<b>1,757,500</b>

**Note:** The council also intends to deliver an extension to the existing neighbourhood community centre at Wongawilli Hall to accommodate the expected population growth in West Dapto. As the council already owns the land where the extension is planned it has not included the cost in the plan.

**Source:** West Dapto CP (2020) Works Schedule.

**Figure 7.1 Location of community services land in West Dapto CP (2020)**



**Source:** West Dapto CP (2020), Figure 4 Map – Community Facilities, p 29.

## 7.2 Criterion 1: Essential works

The West Dapto CP (2020) includes the cost of acquiring a total land area of 1.85 hectares at four sites, to accommodate new community centres. The council intends to deliver four new community centres and upgrade an existing centre to meet the needs of the area's growing population. The council does not require any additional land to upgrade the existing community centre on Wongawilli Road (CF02).

The council's inclusion of land where community facilities will be located is consistent with the essential works list.

## 7.3 Criterion 2: Nexus

In our 2016 assessment we found that nexus was established by the council's technical study for 2.2 hectares of land for three new community centres in the WDURA (see Table 7.3).<sup>76</sup>

**Table 7.3 Technical study for community facilities in the West Dapto CP (2020)**

Author	Title	Date
Elton Consulting	Social, Cultural and Recreation Needs Study	July 2007

**Note** The technical study was commissioned by Wollongong City Council.

The West Dapto CP (2020) includes 1.85 hectares of land for four new community facilities – one more facility than in the West Dapto CP (2016). The additional facility is a sub-district multi-purpose community centre in the Bong Bong Town Centre, which will be co-located with a community library.

Although land for an additional facility has been included in the plan, the total area of land for community facilities is less than the 2016 plan. This is because the council has reduced its estimate of the amount of land needed for two of the community facilities.

The increased revised estimated population of the release area is driving the need for an additional facility. We consider the council has established nexus for the number of community facilities in the plan, and therefore nexus is established for the land required for these facilities.

## 7.4 Criterion 5: Apportionment

The council apportions 100% of the cost of land for new community facilities to the new residential population of the WDURA on a per person basis. The council does not apportion any of the costs of community facilities to non-residential development. We consider this is reasonable, as the demand for community facilities is generated only by the new residential development in the precinct.

<sup>76</sup> The West Dapto CP (2016) included an expansion to a fourth community centre, but there was no land component. See page 68 of our previous assessment.



## 8 Plan administration

The West Dapto CP (2020) includes \$12.80 million for plan preparation and administration costs. Our assessment of this cost is as follows:

- ▼ **Criterion 1: Essential works** – plan preparation and administration costs are consistent with the essential works list.
- ▼ **Criterion 2: Nexus** – nexus is established for the inclusion of plan administration costs.
- ▼ **Criterion 3: Reasonable cost** – estimating plan administration costs based on 1.5% of the cost of works is reasonable.
- ▼ **Criterion 5: Apportionment** – the council's approach to apportioning plan administration costs is reasonable.

Based on our draft findings and recommendations to adjust the total cost of works in the West Dapto CP (2020), we estimate the cost of plan administration would reduce by \$376,755 (2.9%).

Our draft findings and recommendations for plan administration costs are summarised in Table 8.1.

**Table 8.1 IPART-recommended adjustments for plan administration (\$Dec2018)**

Criterion	Finding	Recommendation	Cost
<b>Total cost in plan (\$Dec2018)</b>			<b>12,801,996</b>
<b>Essential works</b>	Plan administration is on the essential works list		
<b>Nexus</b>	Nexus is established		
<b>Reasonable cost</b>	Calculating costs using IPART's benchmark of 1.5% of works costs is reasonable	Reduce administration costs to be 1.5% of the revised cost of works	-368,757
<b>Apportionment</b>	Approach is reasonable		
<b>Total IPART recommended cost adjustment</b>			<b>-368,757</b>
<b>Total IPART assessed reasonable cost</b>			<b>12,433,239</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis.

### 8.1 Criterion 1: Essential works

Plan preparation and administration costs are on the essential works list. The Practice Note states:

Plan administration costs are those costs directly associated with the preparation and administration of the contributions plan. These costs represent the costs to a council of project managing the plan in much the same way as the project management costs that are incorporated into the cost estimates for individual infrastructure items within a plan.

Plan administration costs may include:

- Background studies, concept plans and cost estimates that are required to prepare the plan

- Project management costs for preparing and implementing the plan (e.g. the employment of someone to co-ordinate the plan).<sup>77</sup>

## 8.2 Criterion 2: Nexus

We consider there is nexus between plan preparation and administration activities and the expected development in the WDURA.

## 8.3 Criterion 3: Reasonable cost

The West Dapto CP (2020) includes a cost of \$12.80 million for plan administration, which is 1.5% of the total cost of works in the plan. The amount of 1.5% is consistent with the benchmark we proposed in IPART's Benchmark Report (April 2014)<sup>78</sup>, and we consider that in the context of the West Dapto CP (2020) it is a reasonable estimate.

Given that we have recommended the council revise the cost of works, we therefore recommend the council calculate the cost of plan administration for the West Dapto CP (2020) based on 1.5% of the adjusted cost of works.

We estimate that the adjusted cost of works based on our draft recommendations is \$828,349,391 and therefore reasonable administration costs in the West Dapto CP (2020) are \$12,425,241.

### Draft recommendation

- 18 Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$368,757.

## 8.4 Criterion 5: Apportionment

In assessing whether the council's apportionment of plan administration costs is reasonable, we considered the council's approach to apportioning costs:

- ▼ Between existing and new development
- ▼ Within and outside the WDURA
- ▼ Between residential and non-residential development
- ▼ Across stages of development (considered as a cross-category issue in Chapter 10).

The council apportions all plan administration costs in the West Dapto CP (2020) to new development in the WDURA.<sup>79</sup>

<sup>77</sup> Department of Planning and Environment, *Local infrastructure Contributions Practice Note*, January 2019, p 16.

<sup>78</sup> IPART's Benchmark Report, April 2014, p 63.

<sup>79</sup> Existing development in Horsley is excluded from NDA, but contributions are expected to be levied for new development in Horsley.

Our assessment of the council's apportionment of plan administration costs across stages is discussed in section 10.3 as a cross category issue.

To apportion costs between residential and non-residential development, the council applies adjustment factors that result in non-residential land uses being apportioned a smaller share of costs relative to their share of land. Table 8.2 shows the impact of the adjustment factors on plan administration costs apportioned to different types of development.

**Table 8.2 Apportionment of plan administration costs between residential and non-residential land uses**

Land use	Total land area (ha)	Adjustment factor	Adjusted land area (ha)	Apportionment of costs (\$)
Residential	1,778.22 (89.7%)	1	1,778.22	12,492,188 (97.6%)
Commercial	22.69 (1.1%)	0.75	17.02	119,059 (0.9%)
Industrial & other	180.44 (9.1%)	0.15	27.07	190,750 (1.5%)
<b>Total</b>	<b>1,981.35</b>		<b>1,822.31</b>	<b>12,801,996</b>

**Source:** West Dapto CP (2020) p17, IPART analysis.

We consider that plan administration costs should be apportioned based on the same methodology as that of where the majority of expenditure in the plan is occurring. In the West Dapto CP (2020) transport land and works costs represent the majority of expenditure, accounting for 78.3% of costs in the plan.

As we have assessed that the use of adjustment factors for apportioning transport infrastructure costs to non-residential development is reasonable (see section 4.5), we consider these adjustment factors should be similarly applied to the apportionment of plan administration costs. This is the approach currently adopted by the council in the West Dapto CP (2020).

Once costs are apportioned to each land use type on a NDA basis, they are then apportioned within residential development on a per person basis and within each of commercial and industrial development on a per hectare basis.

## 9 Land costs

This chapter presents our assessment of the reasonable cost of land across all infrastructure categories. The West Dapto CP (2020) includes \$105.77 million for land acquisition. This represents 11.0% of the total costs in the plan. The plan includes only a small quantity of land that has been acquired by the council to date (representing around 3% of total land area).

Our assessment found that the cost of land in the West Dapto CP (2020) is mostly reasonable. However, the plan should be updated to reflect the actual costs of land acquired, the value of council-owned operational land and the constrained nature of land for enhanced storage areas.

We found that:

- ▼ The council has agreed to acquire a small amount of land through Voluntary Planning Agreements (VPAs) but the plan does not include all VPA land acquisitions as actual costs.
- ▼ The council has acquired a small amount of land (other than through VPAs) that is not included in the plan as actual costs.
- ▼ The council has included the estimated cost of council-owned operational land in Stages 1-2 of the WDURA, which has been rezoned, rather than actual costs.
- ▼ The council's approach to estimating land costs for land that has not yet been acquired, based on an individual valuation for one item and average land values from a valuer for all other items, is reasonable.
- ▼ The council's application of average values to estimate the cost of land for enhanced stormwater storage areas does not reflect the constrained nature of the land.
- ▼ The council has not updated the plan to include more precise cost estimates for land for stormwater basins based on the locations identified in adopted neighbourhood plans.
- ▼ The council has not included an allowance for "other acquisition costs" to cover the amount it may have to pay in association with land acquisition costs.

Based on our findings, we recommend adjustments to the plan we estimate would reduce the cost of land by \$2,527,364 (-2.4%). Our recommended adjustments are summarised in Table 9.1.



**Table 9.1 IPART-recommended adjustments for land costs (\$Dec2018)**

	Cost in plan	Draft IPART-recommended adjustment	Draft IPART-assessed reasonable cost
<b>Transport land</b>	<b>36,195,536</b>		
Include land for three transport items for which nexus is established		382,125	
Update estimated costs in the plan with actual expenditure incurred or agreed through VPAs		288,559	
<b>Total transport</b>		<b>670,684</b>	<b>36,866,220</b>
<b>Stormwater management land</b>	<b>29,302,486</b>		
Include land for four additional stormwater basins for which nexus is established		7,459,195	
Update estimated costs in the plan with actual expenditure incurred		-892,313	
Reduce the cost of land for enhanced storage areas to reflect flooding constraints		-9,922,500	
<b>Total stormwater management</b>		<b>-3,198,048</b>	<b>26,104,438</b>
<b>Open space land</b>	<b>38,517,247</b>		
<b>Total open space</b>		<b>0</b>	<b>38,517,247</b>
<b>Community services land</b>	<b>1,757,000</b>		
<b>Total community services</b>		<b>0</b>	<b>1,757,000</b>
<b>Total land</b>	<b>105,772,769</b>	<b>2,527,364</b>	<b>103,245,405</b>

Source: West Dapto CP (2020) Works Schedule and IPART analysis.

## 9.1 Overview of land costs in the West Dapto CP (2020)

The West Dapto CP (2020) includes \$105.77 million for acquiring 262.6 hectares of land for transport and stormwater infrastructure, open space and community services facilities in the WDURA, as shown in Table 9.2.

**Table 9.2 Land areas and costs in the West Dapto CP (2020) (\$Dec2018)**

Category	Total area (ha)	Total cost	Area already acquired (ha)	Area yet to be acquired (ha)
Transport	78.3	36,195,536	0.0	78.3
Stormwater	106.9	29,302,486	0.0	106.9
Open space	75.5	38,517,247	8.4	67.1
Community services	1.9	1,757,500	0.0	1.9
<b>Total</b>	<b>262.6</b>	<b>105,772,769</b>	<b>8.4</b>	<b>254.2</b>

Source: West Dapto CP (2020) Works Schedule, IPART analysis.

In response to our requests for further information about actual costs of land already acquired, the council provided:

- ▼ Updated actual costs of land already acquired for transport and stormwater items that are in the plan
- ▼ Updated actual costs of land already acquired for transport and stormwater items that the council had omitted from the plan
- ▼ Estimated costs for land yet to be acquired for items that the council had omitted from the plan.

Table 9.3 shows the land areas and costs in the West Dapto CP (2020) compared with the council's updated land areas and costs provided in response to our requests for further information.

**Table 9.3 Land areas and costs in the West Dapto CP (2020) compared with updated information provided by the council (\$Dec2018)**

Category	West Dapto CP (2020)		Council's updated information	
	Total area (ha)	Total cost	Total area (ha)	Total cost
Transport	78.3	36,195,536	80.3	36,866,220
Stormwater	106.9	29,302,486	122.4	37,038,524
Open space	75.5	38,517,247	75.5	38,517,247
Community services	1.9	1,757,500	1.9	1,757,500
<b>Total</b>	<b>262.6</b>	<b>105,772,769</b>	<b>280.1</b>	<b>114,179,491</b>

Note: The updated information contains actual costs for partial acquisitions. Where land has been partially acquired, the remaining land is valued at average acquisition rates as provided by the council.

Source: West Dapto CP (2020) Works Schedule, Information from the council 13 January 2020, IPART analysis.

As we found that nexus is established for the items and associated land acquisitions that the council omitted from the plan, we have assessed the reasonableness of the cost of land in the plan and the additional land costs proposed by the council, as shown in total in Table 9.3.

Development in the WDURA is planned in five stages. To date, some land has been rezoned for development in Stages 1-2 and 5.

The council uses different approaches to costing land, depending on how and whether it has already acquired the land or not.

## 9.2 Land already acquired or already owned by the council

The cost of land that the council already owns and has acquired for public infrastructure may not exceed the acquisition cost, indexed by the CPI (All Groups) for Sydney.<sup>80</sup> The council has acquired a small amount of land in the WDURA and negotiated the acquisition or dedication of other land through VPAs. It also owns operational land within the WDURA that will be required for local infrastructure.

We found that:

- ▼ The plan includes the agreed acquisition cost or dedication value for some, but not all land acquired through VPAs. The council's updated information shows that it has correctly identified the agreed acquisition cost or dedication value for land acquired through VPAs.
- ▼ The council has acquired other land (not through VPAs) that should be reflected as actual costs in the plan.
- ▼ Council-owned operational land in Stages 1-2 of the WDURA, which has been rezoned, is not reflected as actual costs in the plan.

### Draft recommendation

- 19 Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising:
  - An increase of \$288,559 for transport land
  - A decrease of \$892,313 for stormwater land

### 9.2.1 Land already acquired by the council is not accurately reflected in the plan

The West Dapto CP (2020) includes costs for four parcels of land (8.4 hectares) that the council has agreed to acquire for public infrastructure through VPAs.

In response to our requests for further information, the council identified that it has acquired more land than is shown in the plan submitted and that a total of 5.80 hectares of land has been acquired to date. This comprises:

- ▼ 2.10 hectares of land acquired for stormwater and 1.44 hectares for transport infrastructure items that are in the plan
- ▼ 0.32 hectares of land for stormwater and 1.95 hectares for transport infrastructure items that the council had omitted from the plan.<sup>81</sup>

Some of these land acquisitions have been negotiated through VPAs. We found that the cost of land acquired by the council reflects the agreed acquisition cost or dedication value, indexed to the base year of the plan.

<sup>80</sup> *Environmental Planning and Assessment Regulation 2000*, cl 251.

<sup>81</sup> Information from Wollongong City Council, 24 December 2019, 6 January 2020 and 14 February 2020.

### 9.2.2 The cost of council-owned operational land is not correctly recorded in the plan

The land for public infrastructure in the West Dapto CP (2020) includes land that is already owned by the council as operational land. The council land holdings are in Stages 1-2, which have been rezoned, and Stage 3, which is yet to be rezoned. The council has included cost estimates, based on the relevant average land values for this land.

For land in Stages 1-2 that the council already owns and which has already been rezoned, the council should include the market value at the time the land was rezoned for public infrastructure, indexed to the base year of the plan. This is consistent with the requirements of the *Environmental Planning and Assessment Regulation 2000* and our previous decisions for similar land in Blacktown City Council contributions plans.

The council has confirmed the infrastructure items associated with its operational land holdings in the WDURA. Where possible, it has also confirmed the areas of land that are required for local infrastructure. The infrastructure on council operational land in Stages 1-2 is shown in Table 9.4.

**Table 9.4 Infrastructure on council operational land in the WDURA – Stages 1-2**

Infrastructure in Stages 1-2	Area (ha)
<b>Council Lot 23 DP 790915, 231 Sheaffes Rd, Dombarton</b>	
OS07 – Local park – Sheaffes Rd – active and passive open space	2.00
<b>Council Lot 1 DP 657171, 340 West Dapto Rd, Kembla Grange</b>	
CF01 – Neighbourhood multi-purpose community centre, Darkes Town Centre	0.40
OS01 – City wide sports park (partial)	6.58
TR01 (WD11) (partial) – West Dapto Rd, between Intersections 16 and 17	Subject to design <sup>a</sup>
TR01 (WD12) (partial) – West Dapto Rd, between Intersections 17 and 18	Subject to design
TR01 (IN16) (partial) – small roundabout, West Dapto Rd	Subject to design
TR01 (IN17) (partial) – large signals, West Dapto Rd	Subject to design

<sup>a</sup> The precise land areas required for these transport infrastructure items is not known at this stage and will be determined through the detailed design process.

**Source:** West Dapto CP (2020) Works Schedule, Maps provided by the council on 28 October 2019; Information from the council, 22 November 2019.

The council is unable to confirm precise areas for transport infrastructure because the designs for this infrastructure have not been completed. We consider it is reasonable for the council to include cost estimates for this land until the precise areas of land required have been determined.

For council-owned land for items OS07, CF01 and OS01, we recommend that the council amend the plan to include actual costs. As the council does not have a suitable valuation for the land at the time of rezoning, in this instance, it should include the estimated cost based on current average land values as an actual cost in the plan.

The infrastructure on council-owned land in Stage 3, which is yet to be rezoned, is shown in Table 9.5. The council should include the cost of council operational land for infrastructure in Stage 3 as actual costs based on market values when that land is rezoned for public infrastructure.



**Table 9.5 Infrastructure on council operational land in the WDURA – Stage 3**

Infrastructure in Stage 3	Area (ha)
OS13 – Community leisure and recreation centre – Cleveland Rd – active open space including 12 netball courts and 8 tennis courts	1.93
OS16 – Neighbourhood park – 6 playing fields and 2ha of passive open space	4.00
CF04 – Neighbourhood multi-purpose community centre	0.20
TR27 (NR52) – Eastern Link Rd (new road)	Subject to design
TR27 (B40) (partial) – Bridge on Eastern Link Rd	Subject to design
TR13 (B46) (partial) – Bridge on Cleveland Rd	Subject to design
TR13 (C1) (partial) – Cleveland Rd, between Bridge 45 and Bridge 46	Subject to design
TR13 (C2) (partial) – Cleveland Rd, between Bridge 46 and Intersection 36	Subject to design
TR 13 (C3) (partial) – Cleveland Rd, between Intersections 36 and 37	Subject to design

**Source:** West Dapto CP (2020) Works Schedule, Maps provided by the council on 28 October 2019; Information from the council, 22 November 2019.

### 9.3 Land yet to be acquired by the council

Most of the land for local infrastructure in the WDURA has not yet been acquired by the council. The council has estimated the cost of this land by:

- ▼ Engaging qualified valuers to provide advice on:
  - A site-specific valuation for open space item OS02 (Ridge Park)
  - Average market values (dollars per square metre) for different categories of land for all other land acquisitions in the WDURA.
- ▼ Using the site-specific valuation for OS02 and applying the average values recommended by the valuer for all other land, based on its assumptions about:
  - The underlying zoning for each parcel of land
  - The area of any encumbrance (or constraint).

Unlike other contributions plans we have recently assessed, the West Dapto CP (2020) does not include an “other acquisition cost” allowance to cover the amount that the council may have to pay in association with land acquisition costs, such as legal and conveyancing fees, survey fees and compensation payments to land owners for acquisition of their land.<sup>82</sup>

The council engaged Martin Morris & Jones Pty Limited (MMJ) to provide advice on the average market values for the different categories of land in the plan. We consider MMJ has used a reasonable sample of comparison sales from within the WDURA, including Horsley and other suburbs where development has commenced, to derive average market values for most underlying zonings and constraints. It also used sales evidence from neighbouring areas to derive average values for rural and environmental land.

We found that the council’s cost estimates for land that it is yet to acquire are reasonable, except:

- ▼ The council has not updated the plan to include more precise cost estimates for land for stormwater basins based on the locations identified in adopted neighbourhood plans.

<sup>82</sup> Payable under the *Land Acquisition (Just Terms Compensation) Act 1991*.

- ▼ The council's application of average values to estimate the cost of enhanced stormwater storage areas does not reflect the constrained nature of the land.

#### Draft recommendations

- 20 Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land.
- 21 Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land.

### 9.3.1 Transport land cost estimates are reasonable

The West Dapto CP (2020) includes 78.3 hectares of land for transport infrastructure, costing \$36,195,536 (34.2% of the total cost of land). The plan submitted for assessment includes estimated costs for all transport land. However, as noted above, the council has provided updated information about land that it has already acquired for transport infrastructure in the WDURA. The council has estimated the cost of transport land that it is yet to acquire by applying the average land values provided by its valuer.

Our 2016 assessment found that the council had not included the cost of land acquisitions for transport infrastructure in Stage 5 of the WDURA. We recommended that the council include these costs in the plan. This recommendation has been addressed in the West Dapto CP (2020).

Our assessment of the council's application of average values to the land to be acquired for transport infrastructure has found that the council's application is mostly reasonable, except that for a small number of land acquisitions, the council has not recognised flooding constraints and for some other acquisitions the average does not reflect the relevant underlying zoning. These inaccuracies are not material and result in small over-estimates in some instances and small under-estimates in others.

We note that the precise locations of transport land acquisitions are likely to change slightly as the council progresses with detailed infrastructure design. As the detailed infrastructure design is determined, the council should review its land cost estimates for transport to ensure they reflect the underlying zoning and any constraint, such as flooding.

### 9.3.2 Stormwater land cost estimates should be updated and revised

To provide stormwater management infrastructure, the West Dapto CP (2020) includes 106.9 hectares of land, costing \$29,302,486 (27.7% of the total cost of land), for:

- ▼ 54 detention basins
- ▼ Five enhanced storage areas.

In response to our request for further information, the council identified that it incorrectly omitted four detention basins. In section 5.3, we found that nexus is established for four additional detention basins; our assessment of the estimated cost of land acquisitions associated with these basins is included below. The council also identified that it has already

acquired a small amount of land for three detention basins; our assessment of these costs is provided at section 9.2.1.

### Land for detention basins

The location of stormwater detention basins was not known when we last reviewed the plan in 2016 and the council has indicated that locations are still not known. The council has estimated the cost of land for these basins based on assumptions about their location. These assumptions have changed between the West Dapto CP (2016) and the West Dapto CP (2020).

For stormwater basins in the West Dapto CP (2016), the council assumed that half of the land to be acquired would be residential/urban zoned land and the other half would be riparian land. This assumption related to the strategy for detention basins to be located offline, ie, located on non-flood-affected land, and therefore, potentially, on urban land.

Our previous assessment found that this was reasonable, given the location and size of the basins had not yet been identified. We recommended that the council refine its land value estimates once the locations of the basins are known.

The council has suggested that the specific land for stormwater basins is still not known, however it has applied different assumptions to estimate the cost of land for stormwater basins in the West Dapto CP (2020), as follows:

- ▼ 16 basins – 50/50 split between industrial and riparian land
- ▼ 42 basins – 50/50 split between urban and riparian land.

We asked the council to explain the reason for changing the assumptions for stormwater basin land values and it advised that these assumptions reflect the adjoining land zoning and proposed location.<sup>83</sup>

Further, neighbourhood planning is complete for some areas in Stages 1-2 of the WDURA, however the council has not updated the plan with locations for stormwater basins in these planned areas, in line with our recommendation from the previous assessment. This is despite the locations of detention basins being clearly shown in many of the neighbourhood plans that have been adopted through amendments to the *Wollongong Development Control Plan 2009*. We asked the council to:

- ▼ Explain why the locations of stormwater basins have not been updated in the plan for areas where neighbourhood planning is complete
- ▼ Advise whether known locations of any stormwater basins would change land cost estimates in the plan.

The council has not provided a clear response to our enquiries. We consider that the council's high level assumptions for estimating land costs for stormwater basins are broadly reasonable and therefore, that the land cost estimates for stormwater basins are reasonable. However, we recommend the council update the land cost estimates in the plan based on the known locations of stormwater basins in areas with adopted neighbourhood plans. These land costs should be estimated based on the relevant underlying zoning or constraint. This recommendation is consistent with the recommendation from our previous assessment.

<sup>83</sup> Information from Wollongong City Council, 22 November 2019.



### Land for enhanced storage areas

The plan includes 64.5 hectares of land for five enhanced storage areas (ESAs), costing \$11,857,500. The locations of all ESAs are known; four will be in the Mullet Creek catchment and one will be in the Duck Creek catchment.

The council has estimated the cost of land for ESAs in the Mullet Creek catchment using the average value for E3 Environmental Management land. For the Duck Creek ESA (item SM06), the plan uses the average value for RE1 Public Recreation for 75% of the land and the E3 average value for the remaining 25%.

We asked the council to clarify its assumptions about underlying zonings for ESAs and it advised that the land acquisition costs for SM06 in Duck Creek should reflect 85% E3 land, and 15% RE1 land (rather than 75% RE1; 25% E3).<sup>84</sup>

Further, we reviewed the zoning and flooding maps for the WDURA and found that all ESAs are located on flood constrained land. The council should therefore use the average value for Riparian land to estimate the cost of land for ESAs, rather than apply the values of unconstrained land with the relevant underlying zonings.

This would reduce the cost of land for ESAs by \$9,922,500 to \$1,935,000.

### 9.3.3 Open space land costs estimates are reasonable

The West Dapto CP (2020) includes 75.5 hectares of land for open space, costing \$38.5 million (36.4% of land costs).

The council has agreed to acquire 8.4 hectares of land for open space through Voluntary Planning Agreements (VPAs), costing \$3.1 million. As noted in section 9.2.2, the council also owns 8.6 hectares of land for open space in Stages 1-2 of the WDURA that should be included in the plan as actual costs. It is yet to acquire the remaining hectares of open space land.

For all but one parcel of open space land that has not yet been acquired, the council estimates the cost using the average land values for either:

- ▼ Urban (R2) land
- ▼ Open space (RE1) land
- ▼ Riparian (flood constrained) land.

The council has estimated the cost of land for Ridge Park (OS02) based on an individual valuation report for this land. We consider this is reasonable.

Our assessment of the council's application of the average land values found that:

- ▼ For open space land in Stages 1-2 and 5 that has been rezoned, the council has estimated land values using either:
  - Average values based on underlying zoning and constraint, or
  - The average value for RE1 – Public Recreation.

<sup>84</sup> Information from Wollongong City Council, 28 October 2019.



The council has advised that the location of some open space in Stages 1-2 and 5 is indicative only and that for these items, it prefers to use the RE1 value to reduce the risk of future shortfall.<sup>85</sup> We consider this approach is reasonable provided it is applied consistently for all indicative locations and not selectively for locations with likely average values below RE1.

- ▼ For open space land in Stages 3-4 that is yet to be rezoned, the council has estimated land values based on the average value for RE1 – Public Recreation. We consider this is reasonable.

#### **9.3.4 Community facility land cost estimates are reasonable**

The West Dapto CP (2020) includes 1.85 hectares of land for four new community facilities in the WDURA at an estimated cost of \$1,757,500 (1.7% of total land costs). An additional facility will be provided in the WDURA, however there is no land cost associated with this facility as the land is already owned by the council.

Our 2016 assessment found that the total cost of land associated with community facilities, which was based on the council's 'urban' land value, was reasonable. For the West Dapto CP (2020), the council has estimated the cost of land for community facilities using the updated 'urban' (R2) value. We consider this is reasonable given the proposed location of community facilities.

<sup>85</sup> Information from the council, 22 November 2019.

## 10 Cross category considerations

This chapter presents our assessment of criteria which apply across multiple infrastructure categories. It considers:

- ▼ Criterion 3: Reasonable cost (in relation to the proposed indexing of contribution rates)
- ▼ Criterion 4: Timing of infrastructure delivery
- ▼ Criterion 5: Apportionment (in relation to issues which impact more than one infrastructure category)
- ▼ Criterion 6: Consultation
- ▼ Criterion 7: Other matters.

Our assessment is that:

- ▼ **Criterion 3: Reasonable cost** – The council’s proposal to index contributions for both land and works by CPI is reasonable.
- ▼ **Criterion 4: Timing of infrastructure delivery** – The proposed timing of infrastructure delivery is reasonable and satisfies the assessment criterion.
- ▼ **Criterion 5: Apportionment** – The council’s approach to apportioning costs between the five stages of development is reasonable for open space, community facilities, transport and plan administration. For stormwater management, the council should separately calculate a contribution rate for Stages 1-4 and Stage 5.
- ▼ **Criterion 6: Consultation** – The council’s process for consulting on the plan satisfies the consultation criterion.
- ▼ **Criterion 7: Other matters** – The council has publicly committed to regularly reviewing the plan over the next 10 years. We consider the council should review the plan within three years, after which a longer review cycle (three to five years) may be more reasonable.

In response to our cross-category findings against Criterion 5 (Apportionment), we make the following draft recommendations:

- ▼ For apportionment of costs across stages of development:
  - Maintain the current approach of applying the same contribution rate across stages for transport, open space, community facilities and plan administration costs.
  - Apportion stormwater management costs equally between Stages 1-4, and estimate a separate stormwater contribution rate for Stage 5 to reflect the council’s different approaches to funding infrastructure in this separate catchment.
- ▼ Review the plan within the next three years to ensure the assumptions about the scope, cost and apportionment of works are reasonable.

### 10.1 Criterion 3: Reasonable cost – indexation of contribution rates

To ensure that the value of contributions for the construction and delivery of infrastructure is not eroded over time by inflation or significant changes in land values, the West Dapto CP (2020) provides for contribution rates to be adjusted to reflect quarterly movements in the value of land and works.

According to the plan, the contribution rates will be indexed quarterly using the Consumer Price Index (CPI) (All Groups) for Sydney as published by the Australian Bureau of Statistics, and made available on the council's website. In the event that the current index is lower than the index for the previous quarter, the council will not make an adjustment to the contribution rate. This provision is included as a standard clause in the 2005 Practice Note template.<sup>86</sup>

The approach to indexing contribution rates for both land and works using CPI is consistent with the *Environmental Planning and Assessment Regulation 2000* and is reasonable.

### 10.2 Criterion 4: Timing of infrastructure delivery

Criterion 4 of the Practice Note requires IPART to assess whether the proposed public amenities and services can be provided within a reasonable timeframe. In practice, we examine whether the proposed timing of infrastructure delivery appears realistic and gives stakeholders enough information for them to understand the council's priorities.

The council expects development in the WDURA to occur over about 50 years. Most contributions plans we have assessed assume a timeframe for development of around 20-25 years.

In our 2016 assessment we found that the timeframe for development in the WDURA was reasonable.<sup>87</sup> We also made a recommendation that the council indicate its timetable for infrastructure provision:

- 28 WCC prioritise infrastructure delivery for each of the development stages beyond the 10-year capital works program, setting out in the Draft West Dapto CP and works schedules an indicative timetable for infrastructure provision in tranches of five or ten years.

The works schedule of the West Dapto CP (2020) includes the council's indicative timing for delivery of each infrastructure item, within a five year band, based on:

- ▼ Updated Neighbourhood Plans (ie, likely order of development)
- ▼ Revised zoning, including introduction of more urban zoned land in the WDURA, via Planning Proposals (ie, update with actual timeframes)
- ▼ Staging of development and required infrastructure provision
- ▼ Transport modelling used to determine when roads are required.<sup>88</sup>

<sup>86</sup> Department of Infrastructure, Planning and Natural Resources, *Development Contributions – Practice Note*, July 2005, p 8

<sup>87</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, p 20.

<sup>88</sup> Wollongong City Council, Application to IPART, August 2019.

We consider the West Dapto CP (2020) satisfies the assessment criterion on timing of infrastructure delivery.

### 10.3 Criterion 5: Apportionment across stages in the plan

The West Dapto CP (2020) apportions costs so that the contribution rates are the same across all five stages of the WDURA. Equal apportionment may be reasonable where each stage of development is expected to contribute equally to demand for infrastructure, or where the benefits of a more granular apportionment of costs across stages do not outweigh the cost and complexity of doing so. The council's approach to apportionment is unchanged from the West Dapto CP (2016), but is different from the approach we recommended in our last review of the plan.

Our assessment found that the council's approach of equal apportionment across the five stages of development is reasonable for open space and community facilities costs only. For transport, stormwater management and plan administration costs, equal apportionment across the five stages of development is not reasonable.

For transport costs, we find that equal apportionment across stages is not cost reflective. We consider a demand-driven approach to apportioning costs between stages, preferably based on transport modelling, is a more reasonable approach for transport costs. We recommend the council separately apportion the costs of transport infrastructure into two separate contributions catchments (Stages 1-4 and Stage 5).

The impact on residential contribution rates will depend on transport modelling and the final configuration of transport infrastructure in Stage 5. Preliminary analysis indicates that our recommended change to apportionment for transport costs would reduce residential contributions by approximately \$6,000 per person in Stage 5.

For stormwater costs, equal apportionment across the five stages is not reasonable. This is because there are no detention basins in Stage 5 included in the plan, as the council intends to require developers to deliver stormwater infrastructure in Stage 5 as a condition of development consent. Equal apportionment across the five stages of development would result in developers in Stage 5 effectively subsidising stormwater infrastructure in the other stages.

Based on the plan submitted, our recommendation to have two separate contributions catchments for the apportionment of stormwater management costs (Stages 1-4 and Stage 5) is estimated to decrease residential contributions by approximately \$60 per person in Stage 5.

As plan administration costs are based on a percentage of total works costs, they should be apportioned in the same way as the majority of works costs in the plan. As such, plan administration costs, like transport costs which make up the majority of costs, should be separately apportioned to development in Stage 5.

We note that the per person cost of open space and community facilities is relatively similar across the five stages of development in the WDURA. It may prove administratively easier to apportion all costs separately between the two catchments (Stages 1-4 and Stage 5) and we would welcome feedback from the council on this issue in response to our Draft Report.



### Draft recommendation

22 For the apportionment of costs across stages:

- Maintain the current approach of having the same contribution rates across all stages for open space and community facilities costs.
- Create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; Catchment 2 comprising Stage 5 of the release area.

#### 10.3.1 The cost and need for transport infrastructure varies across stages

Equal apportionment of transport costs across stages is not reasonable as both the cost of, and the demand for, transport infrastructure varies across stages in the WDURA.

The plan shows, based on location, that transport land and works costs are highest in Stages 1-2 and lowest in Stage 5.<sup>89</sup> During our assessment, the council provided us with preliminary transport modelling which estimated trip generation, and showed significant differences in transport demand between the stages of the WDURA.<sup>90</sup> Both a location based and transport modelling based assessment of demand/cost for infrastructure supported our draft recommendation to separately apportion transport costs to development in Stage 5.

The future residents in Stage 5 are likely to use transport infrastructure in other stages, including roads that transect the WDURA in a north/south direction. However, the majority of transport infrastructure in the WDURA, including in Stage 5, runs in an east/west direction to allow access to the Princes Highway and surrounding areas. We found that the costs of transport infrastructure identified in the plan for Stage 5 were significantly lower, reflecting the lower cost of urban development in the area.

We considered a number of alternate scenarios, including keeping a single contribution rate in the WDURA and separately apportioning costs in Stages 4-5 from Stages 1-3, consistent with our 2016 recommendation. Further analysis indicated that separating Stage 5 only leads to a more reasonable and cost reflective apportionment of costs.

Our draft recommendation considered the administrative burden and potential funding shortfall of separating costs in the West Dapto CP (2020). On balance, we consider that separately apportioning the costs of transport works, with Stages 1-4 and Stage 5 being considered as two separate catchments, will better signal the costs of development and ensure residents pay cost reflective developer charges.

#### 10.3.2 There are two clear stormwater catchments in the WDURA, with different approaches to delivering works

The WDURA is divided into two separate catchments, one including Forest, Robins, Reed and Mullet Creeks (located in Stages 1-4), and the other encompassing Duck Creek (located in Stage 5).

<sup>89</sup> West Dapto CP (2020) Works Schedule.

<sup>90</sup> Information from Wollongong City Council, 25 November 2019.

The plan includes 54 detention basins, including wetland areas and gross pollutant traps for Stages 1-4.<sup>91</sup> The council intends to require developers to deliver detention basins in Stage 5 as a condition of development consent, and hence the plan does not include any costs for detention basins in this stage.<sup>92</sup> Five enhanced storage areas are planned for the WDURA, with one associated with each of the five creeks. Trunk drainage is expected to be required for all stages.

We found that the council's equal apportionment of stormwater management costs is not reasonable, given there are two clear catchments in the WDURA and different approaches to funding the required stormwater infrastructure in these catchments. We recommend the council apportion stormwater costs separately for Stages 1-4 and Stage 5. We consider that equal apportionment of stormwater works between Stages 1-4 is reasonable as the infrastructure services the same catchment.

#### 10.4 Criterion 5: Apportionment to development exempt from contributions

In the West Dapto CP (2020), the council includes NSW government school land in total NDA for the purpose of calculating contributions and requests the Department of Education pay the relevant contribution.

IPART has adopted a funding hierarchy, which we have used to guide our cost allocation and pricing decisions in a range of sectors.<sup>93</sup> According to the hierarchy:

1. Preferably, the party that created the need to incur the cost (the impactor) should pay in the first instance.
2. If that is not possible, the party that benefits (the beneficiary) should pay. Further, it is preferable for direct beneficiaries to pay, but if that is not possible then indirect beneficiaries should pay. Often, impactors are beneficiaries.
3. In cases where it is not feasible to charge either impactors or beneficiaries (for example, because of social welfare policy, public goods, externalities, or an administrative or legislative impracticality of charging), the government (taxpayers) should pay.

Ideally, the Department of Education should pay relevant contributions (as an 'impactor' and 'beneficiary'). However, we recognise that it is typically not possible for councils to secure contributions from the Department of Education. On the basis that the council cannot secure contributions from the Department of Education, we consider there is a case to spread the costs of the local infrastructure required as a result of the Department of Education's schools across residential development, as the schools are intended to service residents of the WDURA.<sup>94</sup>

#### Draft recommendation

- 23 Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis.

<sup>91</sup> West Dapto CP (2020) Works Schedule.

<sup>92</sup> Information from Wollongong City Council, 1 November 2019.

<sup>93</sup> See for example: IPART, *Review of funding framework for Local Land Services NSW – Final Report*, March 2014; and IPART, *Review of Rural Water Cost Shares – Issues Paper*, April 2018.

<sup>94</sup> Information from Wollongong City Council, 24 December 2019.

## 10.5 Criterion 6: Consultation

We must assess whether the council has conducted appropriate community liaison and publicity in preparing the contribution plan.

The council publicly exhibited the draft plan from 29 June 2019 to 2 August 2019, and received 33 submissions.<sup>95</sup>

The main concern raised in submissions was the council's approach to apportioning costs across the five stages of development. Other concerns included:

- ▼ The high contributions rates relative to the value of land in the plan, and the impact of removing the State Government's Local Infrastructure Growth Scheme (LIGS) funding from July 2020.
- ▼ Issues with the location and alignment of some infrastructure (including roads and open space)
- ▼ Perceived conflicts of interest associated with the council's land holdings in Stages 1-3
- ▼ Providing credits for stormwater management where temporary detention basins have already been provided.<sup>96</sup>

At its meeting of 2 September 2019 the council noted a summary of submissions prepared by council officers and endorsed submitting the plan to IPART with all stakeholder feedback.<sup>97</sup> It did not make any changes to the plan in response to stakeholder feedback. The council took this approach because most feedback concerned the council's apportionment approach and a perceived conflict of interest with operational land it owns in Stages 1-3. As the council had previously stated its position on these issues, it considered it would be appropriate for the issues to be considered through the IPART review process.

At our request, the council provided further analysis of the submissions to its draft plan. It undertook this analysis after it had submitted the plan to IPART for assessment. While it is preferable for a council to consider submissions in detail before we commence an assessment, in this case the council officers reached the same conclusions presented in the summary prepared for the council meeting.

We consider the council's process for consulting on the plan satisfies the consultation criterion.

## 10.6 Criterion 7: Other matters

We are required to assess whether the plan complies with other matters we consider relevant. Our assessment of the West Dapto CP (2020) identifies one other relevant matter in relation to the frequency of plan review.

<sup>95</sup> Wollongong City Council, Business Papers, 2 September 2019, p 135.

<sup>96</sup> We consider there are no conflicts of interest with the council's landholdings, and note that stormwater works that have been delivered to date are temporary works only and hence development credits do not apply.

<sup>97</sup> Wollongong City Council, Business Papers, 2 September 2019, p 135.

In our 2016 assessment of the plan we made a recommendation for the council to review the plan at least every two years during the next 10 years of the plan.<sup>98</sup>

Regular review of the plan is important to ensure assumptions and expectations are updated and reflected in the plan. The council has publicly committed to regularly reviewing the plan over the next 10 years. We consider the current timeframe is broadly reasonable and recommend the council review the plan within three years, which is consistent with our recommendation for other plans in the early stages of development. After the council's next review, as the area develops and costs become more certain, we consider a longer review cycle (three to five years) may be more reasonable.

#### Draft recommendation

- 24 Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area.

<sup>98</sup> IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan – Final Report*, October 2016, p 24.









## Appendices





## A Terms of reference

### INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TERMS OF REFERENCE

#### Reviewable Contributions Plans - *Environmental Planning and Assessment Act 1979*

I, GLADYS BEREJIKLIAN MP, Premier, under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* approve provision, by the Independent Pricing and Regulatory Tribunal (**IPART**), of services to the Minister for Planning with respect to reviewing Reviewable Contributions Plans, in accordance with the following terms of reference.



Premier

Dated: 15/11/15

#### Background

*The Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* contemplates that a Council may submit a Contributions Plan to IPART for review, where the Plan would (but for the Direction) authorise a contribution under section 7.11 of the EP&A Act that exceeds the maximum amount that the Direction allows to be imposed as a contribution in relation to residential development.

The Minister for Planning may also refer any contributions plan to IPART for review where the Minister considers there is merit in having an independent assessment.

#### Services

On and from the date that these terms of reference are issued to IPART, IPART is to review each Reviewable Contributions Plan submitted to it and provide the Minister for Planning and the relevant Council with a report on its review.

In providing the services, IPART must:

- (a) review the relevant Reviewable Contributions Plan in accordance with the assessment criteria set out in the Practice Note, including whether the public amenities and services to which the Contributions Plan relates are on the essential works list (if any) set out in the Practice Note;
- (b) consider, in its review of the Reviewable Contributions Plan, whether the estimate of the costs of providing those public amenities and services, as set out in the Plan, are reasonable;
- (c) publish a report of its review on its website; and
- (d) provide a copy of the report to the Minister for Planning and the relevant Council.

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## **Consultation**

In conducting a review under these terms of reference, IPART must:

- (a) consult with the Department of Planning and Environment (NSW);
- (b) consult with the relevant Council and any other person IPART considers appropriate;  
and
- (c) consider any criteria set out in the Practice Note (in addition to any other matters IPART considers relevant).

## **Definitions**

**Contributions Plan** means a contributions plan or draft contributions plan prepared by the relevant Council for the purposes of imposing conditions under section 7.11 of the EP&A Act.

**Council** has the same meaning as it has in the *Local Government Act 1993*.

**EP&A Act** means the *Environmental Planning and Assessment Act 1979*.

**Practice Note** means the "Revised Local Development Contributions Practice Note: For the assessment of Local Contributions Plans by IPART" issued by the Department of Planning and Environment and dated January 2018, as amended or replaced from time to time.

**Reviewable Contributions Plan** means a Contributions Plan submitted to IPART as contemplated by the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012* or referred to it by the Minister for Planning.

## B Assessment against information requirements in the EP&A Regulation

Clause 27 of the *Environmental Planning and Assessment Regulation 2000* requires certain information to be included in a contributions plan. As part of our assessment we have checked that the West Dapto CP (2020) contains the information required by this clause of the Regulation. A summary of this analysis is provided in Table B.1.

**Table B.1 Assessment against information requirements in the EP&A Regulation**

Sub clause		Location in West Dapto CP (2020)
1(a)	Purpose of the plan.	Section 2.6
1(b)	Land to which the plan applies.	Section 2.5
1(c)	The relationship between the expected types of development in the area to which the plan applies and the demand for additional public amenities and services to meet that development.	Section 3.5 and Part 4
1(d)	The formulas to be used for determining the section 7.11 contributions required for different categories of public amenities and services.	Part 4
1(e)	The section 7.11 contribution rates for different types of development, as specified in a schedule in the plan.	Part 1
1(g)	The council's policy concerning the timing of the payment of monetary section 7.11 contributions, section 7.12 levies and the imposition of section 7.11 conditions or section 7.12 conditions that allow deferred or periodic payment.	Sections 2.14 and 2.15
(h)	A map showing the specific public amenities and services proposed to be provided by the council, supported by a works schedule that contains an estimate of their cost and staging (whether by reference to dates or thresholds).	Parts 4 and 5
1(i)	If the plan authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes, the priorities for the expenditure of the contributions or levies, particularised by reference to the works schedule.	Section 2.20
1A	Despite subclause (1) (g), a contributions plan made after the commencement of this subclause that makes provision for the imposition of conditions under section 7.11 or 7.12 of the Act in relation to the issue of a complying development certificate must provide that the payment of monetary section 7.11 contributions and section 7.12 levies in accordance with those conditions is to be made before the commencement of any building work or subdivision work authorised by the certificate.	Sections 2.16 and 2.17
2	In determining the section 7.11 contribution rates or section 7.12 levy percentages for different types of development, the council must take into consideration the conditions that may be imposed under section 4.17 (6)(b) of the Act or section 97 (1)(b) of the <i>Local Government Act 1993</i> .	No such conditions mentioned in the plan.

Sub clause		Location in West Dapto CP (2020)
3	A contributions plan must not contain a provision that authorises monetary section 7.11 contributions or section 7.12 levies paid for different purposes to be pooled and applied progressively for those purposes unless the council is satisfied that the pooling and progressive application of the money paid will not unreasonably prejudice the carrying into effect, within a reasonable time, of the purposes for which the money was originally paid.	Section 2.20



## C West Dapto CP (2016) – IPART recommendations and Ministerial advice

For the West Dapto CP (2016), the Minister considered IPART's recommendations and requested the council address the recommendations in two stages, with all recommendations to be addressed by 30 June 2019.<sup>99</sup> Table C.1 summarises the IPART recommendations and the council's responses to the recommendations.

**Table C.1 Minister's previous advice to the council**

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<b>Criterion 1: Essential works</b>		
1. WCC remove the apportioned cost of works for the upgrade to the multimodal interchange including car parking (\$3,304,738) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
2. WCC remove the cost of the riparian land (\$14,510,000) from the cost of essential works in the Draft West Dapto CP and review the need to acquire all of such land, in consultation with the Department of Planning and Environment (DPE).	Yes	Yes, in full.
3. WCC remove the apportioned cost of the community recreation and leisure centre (\$8,573,318) from the cost of essential works in the Draft West Dapto CP, but include the apportioned cost of an outdoor tennis/netball court complex (minimum 12 courts) once it has estimated the reasonable cost for this such facility.	Yes	Yes, in full.
4. WCC remove the cost of capital works for three new multi-purpose community centres and for the enhancement of an existing community centre (\$21,344,457) from the cost of essential works in the Draft West Dapto CP	Yes	Yes, in full.
5. DPE update the Practice Note to clarify which transport infrastructure items are on the Essential Works List, including: <ul style="list-style-type: none"> <li>public transport infrastructure, and</li> <li>on-street and off-street car parking.</li> </ul>	No, recommendation was for DPE not the council.	N/A
6. WCC identify the cycleway network as transport infrastructure in the Draft West Dapto CP, rather than open space and recreation, to ensure that the planning for the cycleways forms an integrated part of the transport network.	Yes	Yes, in full.

<sup>99</sup> Letter from the Minister for Planning to Wollongong City Council dated 21 September 2017.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<b>Criterion 2: Nexus</b>		
7. WCC remove from the cost of essential works in the Draft West Dapto CP the local road works for: <ul style="list-style-type: none"> <li>the upgrade of the western section of Sheaffes Road (\$2,585,000)</li> <li>the upgrade of Paynes Road (\$2,303,000) and bridge B52 (\$393,211), and</li> <li>new road NR100-NR103 (\$11,084,020).</li> </ul>	Yes	Yes, in full.
8. WCC reduce (by \$19,365,854) the cost of the upgrade of Marshall Mount Road in the Draft West Dapto CP to reflect a 2-lane, rather than a 4-lane upgrade.	Yes	Yes, in full.
9. WCC remove Rail Bridge A (\$7,955,472) on Marshall Mount Road from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
10. WCC review the number of bus stops needed for unidirectional services with a view to reducing the number and costs in the Draft West Dapto CP.	Yes	Yes, however, the council's review indicated that the number of bus stops in West Dapto needed to be increased.
11. WCC remove the cost of the four duplicated enhanced storage areas (\$17,559,419) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
12. WCC remove the cost of six detention basins in Yallah-Marshall Mount (\$8,917,630) from the cost of essential works in the Draft West Dapto CP, until it can establish nexus for the stormwater management needs of this subprecinct by means of a technical study. Once done, WCC can include the reasonable costs of the necessary infrastructure (including GPTs) in the plan.	Yes	Yes, in full.
13. WCC remove the cost of ten gross pollutant traps (\$550,000) from the cost of essential works in the Draft West Dapto CP.	Yes	Yes, in full.
14. WCC remove \$8,826,040 from the cost of essential works in the Draft West Dapto CP, being the cost for 15.56 hectares of excess open space land and its embellishment, comprising amounts of: <ul style="list-style-type: none"> <li>\$2,409,112 for one sports park plus playground with an area of 9.56 hectares (50% of cost apportioned to the plan)</li> <li>\$4,066,816 for one neighbourhood park plus playground with an area of four hectares, and</li> <li>\$2,350,112 for one local park with an area of two hectares.</li> </ul>	Yes	Yes, in part.  The land cost for one sports park plus playground (9.56 hectares) has been removed, but the works cost is included. The council has also removed one of the four hectare neighbourhood parks.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
15. WCC review the need to acquire 11.81 hectares of land for cycleways (a cost of \$590,638) and consider opportunities to locate them on land that would be used for other infrastructure purposes (eg, open space or drainage land), thereby reducing costs in the plan.	Yes	Yes, reviewed and reduced.
<b>Criterion 3: Reasonable costs</b>		
16. WCC update the estimated costs of capital works in the plan, where outdated, with the assistance of a quantity surveyor if necessary.	Yes	Yes, the council has updated some capital works costs in the plan. However, there are a number of instances where costs are based on studies that may be out of date. We have recommended the council consider using updated estimates in the next version of the plan.
17. WCC remove \$173,104,776 in costs from the transport essential works in the Draft West Dapto CP in line with the recommended adjustments in Table 3.9.	Yes	Yes, in full.
18. Where possible, WCC replace the cost estimates for completed roadworks with the actual capital expenditure, indexed annually by CPI.	Yes	The council has included updated costs in the plan for some transport infrastructure.
19. WCC rectify the discrepancies identified in Table 3.10 in relation to transport items so that relevant costs and descriptions in the Draft West Dapto CP and the West Dapto S94 Work Schedule are aligned.	Yes	Yes, in full.
20. WCC include in the West Dapto CP estimates for the cost of land acquisition for transport infrastructure in Stage 5, relying on up-to-date advice from a registered valuer.	Yes	Yes, in full.
21. WCC refine the estimates for land values and cost of facilities for stormwater infrastructure, once the locations of the basins are known.	Yes	Yes, the council has updated land values but updated values for stormwater works not yet available.
22. WCC remove \$2,795,594 from the cost of essential works in the Draft West Dapto CP for the unnecessary indexation of land acquisition estimates for the Mullet Creek basins.	Yes	Yes, in full.
23. WCC remove \$2,539,484 for the unnecessary indexation of the cost of trunk drainage.	Yes	Yes, in full.
24. WCC remove the cost of 1.99 hectares of land for cycleways in the Cleveland precinct (\$177,785) from costs in the Draft West Dapto CP.	Yes	Yes, in full.
25. WCC review the estimate for plan administration costs in the Draft West Dapto CP.	Yes	Yes, in full.
26. To index capital works estimates (but not actual costs) to current dollars, WCC apply more cost-reflective PPIs to the most recent period, as follows:	Yes	Yes, in full.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<ul style="list-style-type: none"> <li>– ABS PPI (Road and Bridge Construction) for transport and stormwater costs, and</li> <li>– ABS PPI (Non-Building Construction) for open space costs.</li> </ul>		
27. To index land acquisition cost estimates between valuation years, WCC apply the NSW Valuer Generals' land valuation data for the Wollongong to derive an index for land acquisition cost estimates in the plan, and state this method in the plan.	Yes	No, the council has adopted CPI for the indexation of contribution rates, including for land costs.
<b>Criterion 4: Timing</b>		
28. WCC prioritise infrastructure delivery for each of the development stages beyond the 10-year capital works program, setting out in the Draft West Dapto CP and work schedules an indicative timetable for infrastructure provision in tranches of five or ten years.	Yes	Yes, in full.
<b>Criterion 5: Apportionment</b>		
29. To improve the links between demand for infrastructure and contributions in different stages in the plan, WCC consider either: <ul style="list-style-type: none"> <li>– removing Stages 4 and 5 from the plan for inclusion in a new or another section 94 contributions plan, or</li> <li>– introducing separate contributions in the Draft West Dapto CP for developments in Stages 1 to 3 and developments in Stages 4 and 5, that are more reflective of the cost of facilities to meet demand from the new development in each of the stages.</li> </ul>	Yes	<p>The council has considered the options and received stakeholder input, but does not consider there are benefits from splitting the contributions plan.</p> <p>See discussion in chapter 10.</p>
30. WCC apportion costs for transport, stormwater and plan administration between residential and industrial development based on the relative NDA of the development type (currently a 91:9 split) such that 9% of contributions revenue for this infrastructure comes from industrial development and 91% comes from residential development.	Yes	<p>Yes, the council revised its approach to apportionment in the plan it adopted following our 2016 assessment. However, the council has presented a different methodology of apportionment in the West Dapto CP (2020).</p> <p>See discussion in chapter 10.</p>
31. WCC apportion costs to retail, office and business premises development (ie, in land zoned B1, B2 or B4) to represent its fair share of demand for infrastructure in the calculation of contribution rates for non-residential development.	Yes	Yes, apportionment approach has been updated.
32. WCC include an additional \$17,040,037 in the Draft West Dapto CP for the cost of road NR1-NR3 which should be apportioned 64% rather than 50% to the WDURA.	Yes	Yes, in full.



IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
33. WCC remove \$1,407,158 from the Draft West Dapto CP for the combined costs of the signalised intersections on Cleveland Road (In23 and Int25), until it has assessed the benefits accruing to WDURA residents compared with outside precincts, so that it can then apportion a more reasonable share of their costs to development in West Dapto.	Yes	Yes, in full.
34. WCC include more information in the Draft West Dapto CP and work schedules to justify the specific apportionment of costs for various transport works to the WDURA, based on the estimated demand for the infrastructure (linked to its traffic modelling).	Yes	Yes, in full.
35. WCC apportion stormwater infrastructure costs to residential development on a per hectare basis rather than a per person basis, to better reflect the source of demand for the facilities.	Yes	Yes, apportionment approach updated based on adjusted land area.
36. WCC apportion only 25% (or \$1,660,806) of the cost of a sports park in Darkes Town Centre to the Draft West Dapto CP.	Yes	No, a 50% apportionment was applied by the council in both the 2016 and 2020 plans.
37. WCC apportion only 50% of the cost of outdoor recreation facilities at the Community Leisure and Recreation Centre in Cleveland (being only that component of the centre which is on the Essential Works List), based on the estimated share of demand for the district-wide facilities from within the WDURA.	Yes	Yes, in full.
38. WCC exclude land from the precincts' NDA for development contribution purposes only where there is a Ministerial direction to that effect, reinstate 30 hectares of land for State schools into the precincts' NDA for the purpose of calculating development contributions and request the Department of Education to pay the relevant contribution when school development is approved.	Yes	The council added the relevant land to the calculation of NDA and apportionment for stormwater costs in the West Dapto CP (2016).
<b>Criterion 6: Consultation</b>		
39. WCC amend the Draft West Dapto CP to provide information in a way that more fully complies with the requirements of the Environmental Planning and Assessment Regulation 2000.	Yes	Yes, in full.
40. WCC review the West Dapto CP, at least every two years during the next 10 years of the plan, to take account of: <ul style="list-style-type: none"> <li>changes to the expected provision of infrastructure resulting from the neighbourhood planning process and resulting revisions to the capital works program</li> </ul>	Yes	Yes, the council has submitted the plan to IPART. We have updated our recommendation on the timing of subsequent updates.

IPART recommendation	Did Minister ask the council to make a change?	Has council implemented the requested change?
<ul style="list-style-type: none"> <li>– outcomes from the rezoning process for Stages 3 to 5 (if relevant), including any flow-on effects to the facility requirements in relevant areas, and</li> <li>– reconciliation of actual costs to forward cost estimates, such that any cost efficiencies can result in lower contribution rates.</li> </ul>		

**Source:** IPART, *Assessment of Wollongong City Council's Draft West Dapto Section 94 Development Contributions Plan*, Final Report, October 2016 and Letter from the Minister for Planning to Wollongong City Council dated 21 September 2017

## Council Staff Summary Response to IPART Draft 24 Recommendations

No.	Description	Staff response
<b>Transport</b>		
1	Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources	Generally support
2	Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan.	Generally support
3	Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive which were omitted from the plan.	Generally support
4	Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred.	Requires detailed analysis
5	Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance	Disagree. Staff will provide further justification for high per linear metre unit rate.
6	Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan.	Requires detailed analysis
<b>Stormwater</b>		
7	For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021.	Generally support
8	Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,816,346.	Generally support
9	Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497.	Generally support
10	Amend the cost of two gross pollutant traps based on the council's estimates and a 30% contingency, increasing costs in the plan by \$1,038,223, comprising: – An increase of \$871,251 for the GPT in sub-catchment 5050 – An increase of \$166,972 for the GPT in sub-catchment 6070.	Generally support
11	Amend the cost of three gross pollutant traps based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising: – A decrease of \$105,472 for the GPT in sub-catchment 6010 – An increase of \$87,528 for the GPT in sub-catchment 7140 – An increase of \$155,278 for the GPT in sub-catchment 4060.	Generally support
12	In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works	Generally support
13	Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA).	Requires detailed analysis

No.	Description	Staff response
<b>Open Space</b>		
14	For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of development in the release area and ensure that the plan includes: – Sufficient accessible recreation opportunities for all residents. – Sufficient formal recreation facilities (sports grounds) for the release area.	Generally support
15	For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.	Generally support
16	Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.	Requires further review
17	Apportion 100% of the cost of the Cleveland outdoor sports facilities (OS13) to development within the WDURA.	Generally support
<b>Plan administration</b>		
18	Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$368,757.	Generally support subject to final adjusted cost.
<b>Cross-category issues (land)</b>		
19	Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising: – An increase of \$288,559 for transport land – A decrease of \$892,313 for stormwater land	Generally support
20	Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land.	Requires detailed analysis
21	Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land.	Generally support. Staff will further review the \$ amount.
<b>Cross-category issues (other)</b>		
22	For the apportionment of costs across stages: – Maintain the current approach of having the same contribution rates across all stages for open space and community facilities costs. – Create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; Catchment 2 comprising Stage 5 of the release area.	Disagree. Staff recommends Council maintains preferred approach for one single residential contribution rate apply to stages 1-5.
23	Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis.	Generally support
24	Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area.	Generally support increasing the review time from the current two year approach. Staff recommend five years as an alternate to IPART recommended three.



### Summary of staff previous responses to IPART 2016 recommendation 29

IPART Recommendation	Response
<p><b>29:</b> To improve the links between demand for infrastructure and contributions in different stages in the plan, WCC consider either:</p>	<p>The two potential scenarios described in the IPART recommendation have been considered in some detail. The overall conclusion is that the suggestion that dividing the release area into stages may result in contribution rates being “more reflective of the cost of facilities to meet demand from the new development in each of the stages” is not apparent.</p> <p>This is due to a number of reasons, each outlined below.</p> <p><u>Shared demand nexus</u></p> <p>The road, public and active transport networks that make up the Transport category are, by some magnitude, the most expensive at \$761m, or 78% of the total cost of the Draft Plan. Transport is the category of infrastructure with the most significant shared demand nexus.</p> <p>A key example of the shared nexus nature of the road network is the “ring road” collector function presented by the network from the Northcliffe Drive extension in the north, which will ultimately connect to the M1 to the Yallah Road connection in the south, which will also link the release area to the M1.</p> <p>Another example is the public and active transport networks, which provide whole of release area connectivity both within each stage and across the release area.</p> <p>In addition to the shared nature of Transport as outline above, the shared nexus nature of the other infrastructure categories has also become apparent. For example, open space at various levels (i.e. local, neighbourhood and city wide) is provided to service all residents across the whole of the release area and are intended to provide a variety of services. Similarity the new and upgraded multi purpose community centres further justify a release area shared nexus approach as they have been planned across the whole site, not for individual stages. All of the open space and community facilities will provide cross stage benefits.</p>
<p>a) Removing Stages 4 and 5 from the plan for inclusion in a new or another section 94 contributions plan, or</p> <p>b) Introducing separate contributions in the West Dapto CP for developments in Stages 1 to 3 and developments in Stages 4 and 5, which are more reflective of the cost of facilities to meet demand from the new development in each of the stages.</p>	

IPART Recommendation	Response
	<p>The contributions plan has been prepared based on the release area in its entirety. If Council were to divide the release area into several parts or stages as a basis to set different contributions rates an equitable division of cost responsibility would be difficult to achieve due to the shared nature of most infrastructure requirements.</p> <p><u>Whole of release area planning</u></p> <p>West Dapto was identified for inclusion on the NSW Urban Development Program in the 1980's. It has been since this time that the value of the release area as a whole has been continually recognised. Within the same competitive housing market neighbourhood planning areas and individual subdivisions will benefit from urban zoning uplift and all stages will play a role.</p> <p>The <i>West Dapto Vision</i> 2018 includes a Structure Plan, which is not presented in stages as it represents a spatial interpretation of the release area as ultimately developed. The traditional five separate stages of West Dapto were an initial indication of how rezoning of the release area could be phased from rural to urban land uses over a fifty plus year timeframe. Since the initial identification of five stages, rezoning has occurred in varied sequence. Stage 1 and 2 were rezoned as one in 2009, stage 5 was rezoned in June 2018 and part of Stage 3 (referred to and known as "Stockland Stage 3") was rezoned for urban development on 8 March 2019.</p> <p><u>IPART indicative rates</u></p> <p>IPART's inclusion of indicative contribution rates for grouped stages 1-3 and 4-5 in the October 2016 report indicated that contribution rates might be affected by a different approach to apportionment of costs by stage in the release area. The IPART example showed lower costs for stage 4 and 5 however, after further analysis by Council, this is not considered accurate due to the reasons outlined in this table.</p> <p>Further, the indicative nature of IPART's example is important to note. IPART acknowledged that broad assumptions were made about which stage would be affected by their recommendations for amendments to infrastructure items and costs in the plan. IPART acknowledged that they did not reapportion any costs, including roadworks, to account for any shared demand between stages. Shared demand nexus infrastructure, in particular the transport network is the main contributing factor to the existing approach being maintained.</p>

IPART Recommendation	Response
	<p><u><i>Consistency throughout Plan reviews</i></u></p> <p>The West Dapto Contribution Plan has been levying and collecting contributions across the whole release area for almost ten years. Although the plan is regularly reviewed to account for changing infrastructure needs, cost estimates and delivery timeframes, these changes are considered minor in that they do not affect the overall fundamental structure of how the contributions plan is prepared and implemented.</p> <p>Any significant change, such as dividing the release area by stages, would require equitable redistribution of contributions collected to date as development that has been charged to date in stages 1 and 2 have been contributing toward infrastructure across the entire release area. It may also result in an unnecessary shortfall to the Plan, should a staged rate for Stages 1 and 2, which have largely been developed, be higher than the already levied contributions.</p> <p><u><i>IPART 2019 Discussion Paper "Inclusion of roads in contributions plans"</i></u></p> <p>As part of the consideration of IPART's 2016 recommendation number 29, it is also important to note the 18 April 2019 IPART discussion paper: "Inclusion of Roads in Contributions Plans". This discussion paper refers to a workshop held in April 2019 with a number of Councils and Development Industry representatives in attendance. The discussion paper acknowledges that during the workshop stakeholders generally agreed that the benefits of apportioning road costs across a broad catchment outweigh the costs and complexity of accurately apportioning the costs within smaller catchments. This finding is consistent with the approach taken for West Dapto - as outlined above the justification for apportioning the transport infrastructure category equitably across the entire release area outweighs the risks associated with attempting to accurately apportion costs within smaller stage based catchments.</p> <p><u><i>Summary</i></u></p> <p>On 10 December 2018 Council adopted the West Dapto Vision. The Vision document is a Council policy statement that sets the strategic planning direction for the urban release area. The Vision Document includes a Structure Plan that will guide all spatial planning decisions. The local contributions plan the subject of this application reflects the adopted structure plan.</p> <p>Based on all the above factors it is considered that development within the release area has a shared responsibility to contribute to local infrastructure requirements as all stages, neighbourhood planning areas and individual subdivisions will benefit from urban zoning uplift and all stages will play a role in meeting the region's housing supply needs within the same competitive housing market.</p>